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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, [$28,942,000] *$30,000,000*, together with not to exceed [$73,535,000] *$77,600,000*, 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 at least 15 days in advance of any transfer. *(Departments of Labor, Health and Human Services, and Education, and Related Agencies Appropriations Act, 2012.)*

SIGNIFICANT ITEMS IN APPROPRIATIONS COMMITTEE REPORTS

The table below includes significant items in the FY 2012 appropriations bill managers' statement and Senate report.

Table 4.1—Departments of Labor, Health and Human Services, and Education, and Related Agencies Appropriations Act, 2012: Senate Report (S. Rept. 112-84)—Significant Items

Video Technology	Actions Taken or To Be Taken
The conferees request a report by OIG within 180 days of enactment analyzing legislative and administrative options, including potential challenges, for expanding access to video hearings. The report should analyze the costs and benefits to the claimant, claimant representatives, and taxpayers related to the current use and potential expansion of the use of video hearings by SSA. The report should be sent to the House and Senate Appropriations Committees, the House Committee on Ways and Means and the Senate Committee on Finance.	We will submit a report to the Appropriations, Ways and Means and Finance Committees within the timeframe requested.

GENERAL STATEMENT

OVERVIEW

The Fiscal Year (FY) 2013 President's Budget for the Social Security Administration (SSA) Office of the Inspector General (OIG) is $107,600,000 in total budget authority and 590 full-time equivalents (FTE). This is $5,317,000 above the funding received from the Department of Labor, Health and Human Services, and Education, and Related Agencies Appropriations Act, 2012.

The FY 2013 request provides resources to increase our staffing level by 10 FTEs when compared to our FY 2012 staffing level. The FY 2013 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., within-grade increases, scheduled promotions, health benefits, etc.), and related support costs. The budget request assumes OIG will replace some staffing losses during FY 2013, 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). This budget includes $850,000 for training, which satisfies all FY 2013 training requirements for OIG. OIG is not required to contribute to the Council of the Inspectors General on Integrity and Efficiency in FY 2013, and no funding has been requested for that purpose.

Table 4.2—Justification

	FY 2011 Actual	**FY 2012 Enacted**	**FY 2013 Estimate**	***FY12 to FY13 Change***
FTE	574	580	590	*(+10)*
Appropriation	$ 102,477,000	$ 102,283,000	$ 107,600,000	*+ $ 5,317,000*
ARRA[1]	$ 171,000	$ 814,000	$ 0	*-$ 814,000*
Total Obligations[2]	$ 102,454,000	$ 103,097,000	$ 107,600,000	*+ $ 4,503,000*
Unobligated balance lapsing	$ 194,000	$ 0	$ 0	*+$ 0*

[1] The ARRA appropriated $2,000,000 for activities available through FY 2012. The actual ARRA obligation for FY 2009 is $603,000, $432,000 for FY 2010, and $171,000 for FY 2011. The planned ARRA obligation for FY 2012 is $814,000.

[2] The actual obligation excluding ARRA for FY 2011 is $102,283,000. The planned obligation for FY 2012 and FY 2013 is $103,097,000 and $107,600,000 respectively.

ONGOING INITIATIVES

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 2013 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 2011, these processes contributed significantly to the mission of OIG and Social Security. AMFED received 62,147 allegations. Through the development of referred allegations, SSA identified $4,497,359 in benefit overpayments. AMFED matched 10,247 fugitive subjects from incoming Federal, State, and local warrant files and referred them to law enforcement for apprehension and warrant verification. AMFED referred 16,476 fugitive subjects for benefit suspension. Through data-sharing efforts, 1,161 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 2011, OIG's CMP program successfully closed 67 Section 1129 cases and 3 Section 1140 cases, resulting in penalties and assessments of $2,798,172 for the Section 1129 cases and $62,500 for the Section 1140 cases.

SSA'S SIGNIFICANT MANAGEMENT ISSUES

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

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

A summary of each is discussed below:

Issue #1: Strengthen Strategic and Tactical Planning

The environment in which SSA operates continues to change. The number of individuals receiving benefits has increased, and SSA predicts that it will continue to increase by the millions. The agency estimates that 80 million individuals, most from the baby boom generation, will file for benefits over the next 20 years. The population applying for benefits will expect SSA to provide a greater number of services electronically. SSA realizes that it needs to rely more on technology not only to meet customer expectations, but to keep up with a rising workload. As workloads rise, a greater proportion of SSA's workforce will become eligible to retire; 23 percent of SSA's employees are currently eligible. While not every employee retires as soon as he or she is eligible to do so, SSA predicts that over 36 percent of its current workforce will retire by 2019. Given the expectation of leaner future budgets, SSA needs to plan to meet its mission with fewer resources.

At a time when SSA needs to plan to do more with less, SSA lacks long-term plans in a number of critical areas. In a March 2011 report, *The Social Security Administration: A Vision for the Future*, the Social Security Advisory Board recommended that SSA take multiple steps to ensure success in 2020, including rethinking its service delivery strategy, performing a comprehensive review of program policy to reduce complexity, establishing a Systems Modernization Plan, and developing a Human Capital Plan. SSA's Future Systems Technology Advisory Panel's June 2010 report, *Reimaging Social Security*, recommended that SSA establish electronic service delivery as a strategic goal.

A prior OIG report noted that SSA did not have a comprehensive Agency Information Infrastructure Plan to meet potential processing needs for the next 20 years or that would allow the agency to recover quickly if one or more major components of its processing infrastructure failed or was destroyed. While SSA has an information technology (IT) planning process, the process is decentralized and SSA officials agreed that it needed to be strengthened. Further, SSA does not have a long-term (10 years or longer) customer service delivery plan. Instead, SSA uses its Agency Strategic Plan to present incremental steps it must take to reach a greater vision for the agency.

The *Government Performance and Results Act of 1993* (GPRA) mandates that Federal agencies draft strategic plans to help improve service delivery by requiring that Federal managers plan to meet program objectives. The *GPRA Modernization Act of 2010* reaffirms the importance of strategic planning. Under this law, Federal agencies are required to continue drafting strategic plans, including descriptions of the operational processes, skills, technology, and human capital information and other resources required to meet the agencies' strategic goals and objectives. While GPRA-based strategic plans may provide a needed framework, SSA's descriptions within its strategic plans of the programs, processes, and resources needed to meet its mission and strategic objectives have generally been broad-based roadmaps. SSA needs more detailed planning to ensure it achieves the desired outcomes. Additionally, SSA's GPRA-based strategic plans have covered a period of 5 years, and future plans may cover only 4 years based on revised timeframes within the *GPRA Modernization Act*. While planning for the next few years is important, SSA needs a longer-term vision to ensure the agency has the programs, processes, and infrastructure required to provide needed services now and in 10 to 20 years.

Issue #2: Improve Customer Service

SSA acknowledges that it has struggled to maintain the level of service the American people deserve. Many factors challenge SSA, including growing workloads, changing customer expectations, an aging workforce, and budget constraints. For example, SSA is receiving increasing numbers of claims. The agency received 3.3 million disability claims in FY 2011—about 100,000 more than in FY 2010. It also received about 4.8 million retirement and survivor claims (including Medicare applications) in FY 2011. Nearly 80 million baby boomers are expected to file for retirement over the next 20 years—an average of 10,000 per day. Also, SSA is finding that the public expects it to provide services in new ways made possible by technology. Further, the projected retirement of its employees continues to present a challenge to SSA's customer service capability. SSA estimates that over 47 percent of its employees, including 63 percent of its supervisors, will be eligible to retire by FY 2019. This loss of institutional knowledge may adversely affect SSA's ability to deliver the quality service the public expects.

Budget: The budget has also affected SSA's ability to provide service to the public. For example, in March 2011, SSA suspended mailing all Social Security Statements, and in August 2011, SSA began closing field offices 30 minutes earlier each day because of budget constraints. Further, in March 2011, the Commissioner stated SSA's FY 2012 budget would not allow the agency to keep up with representative payee accountings.

Customer Service Plan: Despite these challenges, the public deserves competent, efficient, and responsive service. In April 2011, the President issued Executive Order 13571—*Streamlining Service Delivery and Improving Customer Service*—which requires Federal agencies to develop ". . .a Customer Service Plan to address how the agency will provide services in a manner that seeks to streamline service delivery and improve the experience of its customers."

SSA has implemented various initiatives to improve customer service, such as clarifying correspondence, expanding the use of online and automated services, and improving telephone and field office services. Historically, SSA issues approximately 390 million notices to the public each year, which makes notices the agency's most common communication method. Therefore, SSA is improving its notices to ensure they are clear, concise, and easily understood.

One of SSA's priorities is to provide the public with more service options through a wide range of online and automated services. The agency is working to implement a new, more secure authentication process to provide a safe environment for people to conduct business with SSA online. In FY 2011, SSA launched a new homepage to help the public more easily find information and services on its website. SSA is also working on an initiative to provide the public with access to a variety of personalized online services, such as verifying earnings history, receiving notices, and requesting routine actions. In 2011, SSA launched Spanish versions of their popular Retirement Estimator application, our Medicare Extra Help application, and our online benefit application.

In FY 2011, SSA completed nearly 63 million actions on its national 800-number. SSA continues to replace its 800-number infrastructure with a new system that will help improve service and increase efficiency. SSA continues to upgrade its field offices to offer improved services, such as videoconferencing for individuals living in rural areas and televisions in field office reception areas to broadcast information about SSA programs.

Representative Payee Program: Providing oversight to ensure representative payees properly manage the Social Security benefits of vulnerable beneficiaries is a critical customer service performed by SSA. SSA appoints representative payees to receive and manage the benefits of beneficiaries who are incapable of managing or directing the management of their finances because of their age or mental or physical impairment. Our reviews continue to identify problems with SSA's representative payee program.

To ensure the benefits of minor children are properly managed, SSA agreed to evaluate the feasibility of identifying all children under age 15 without a representative payee. SSA released a new Web-based electronic representative payee misuse system to store and track misuse allegations. To protect beneficiaries from potential harm resulting from conflict of interest, SSA hired a contractor to perform reviews of organizational representative payees serving in dual roles as both the payee and employer.

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

SSA is facing a considerable increase in initial and reconsideration claims. In FY 2011, SSA received over 3.3 million initial disability and approximately 853,000 reconsideration claims. The increase in claims is matched by an increase in the number of claims pending completion. For example, at the end of FY 2008, there were almost 557,000 initial claims pending. At the end of FY 2011, there were over 759,000 initial claims pending, an increase of 36 percent over the FY 2008 year-end pending level. Further, while SSA completed over 345,000 medical Continuing Disability Reviews (CDR) in FY 2011, over 1.3 million medical CDRs were pending completion at the FY's end.

In addition to the increased receipts, some disability determination services (DDS) are facing high attrition rates, hiring freezes, and employee furloughs, all of which affect SSA's ability to process the disability workload. In FY 2011, DDS staffing decreased from 18,269 employees to 17,066 employees–a loss of 1,203 employees. With the hiring freeze, DDSs are not allowed to replace the lost staff. At the end of 2011, five States were still furloughing DDS employees.

In November 2010, SSA released its *Strategy to Address Increasing Initial Disability Claim Receipts* (Strategy) to reduce the initial claims backlog to a pre-recession level by FY 2014. The multi-year Strategy includes

- increasing staffing in the DDS and Federal disability processing components;
- improving efficiency through automation;
- expanding the use of screening tools to assist in identifying claims likely to be allowed; and
- refining policies and business processes to expedite case completion.

As part of the Strategy, SSA hired additional DDS employees and plans to maintain higher staffing levels over the next several years. In addition, SSA continues to use overtime in the DDSs.

SSA has taken actions to reduce its initial disability claims backlog–primarily by hiring additional staff using both annual appropriations and funding provided under the *American Recovery and Reinvestment Act of 2009*. SSA has also taken or plans to take actions to reduce initial disability claims to a pending level goal of 525,000 by FY 2014. Based on SSA's projections for initial disability claims receipts, workyears, and productivity, we reported that it appears SSA will meet its goal. However, achieving this goal is dependent upon SSA receiving funding that will enable it to achieve the projections for work years and productivity.

Issue #4: Improve Transparency and Accountability

There have been a number of efforts to make Federal agencies more transparent and accountable. The *Chief Financial Officers Act of 1990* (Pub. L. No. 101-576) provides for the production of complete, reliable, timely, and consistent financial information for use by the Executive Branch of the Government and Congress in the financing, management, and evaluation of Federal programs. The *GPRA Act of 1993* (GPRA) (Pub. L. No. 103-62) and the *GPRA Modernization Act of 2010* (Pub. L. No. 111-352) seek to improve Federal program effectiveness and public accountability by focusing on results, service quality, and customer satisfaction. More recently, the Open Government Directive requires that Federal agencies improve the quality of Government information, publish Government information online, create and institutionalize a culture of open Government, and create an enabling policy framework for open Government.

Transparency

While SSA has increased the transparency of its operations through its *Annual Performance Plans, Performance and Accountability Reports*, and *Open Government Plan*, we believe the agency can strengthen public reporting of its performance. Our contractor evaluated SSA's alignment of its Performance Indicators (PI) with its strategic goals and objectives and found that 3 strategic goals and objectives did not have an associated PI, and 16 PIs were ineffective measures of the agency's progress in achieving its strategic goals and objectives.

We believe SSA is more transparent when it measures and publicly reports on the performance of its critical programs or activities. Neither SSA's *Strategic Plan* nor the *Annual Performance Plan* contained a performance measure to publicly track SSA's progress in constructing a new data center, even though the *Strategic Plan* states that all the agency's plans depend on a strong 21st-century data center to replace the aged NCC. Also, SSA does not have a performance measure to track progress in updating its computer programs, even though its *Strategic Plan* noted that its IT infrastructure was resting on a foundation of aging computer programs. The aging computer systems make it difficult to implement new business processes and service delivery models.

Accountability

Sound internal controls help ensure the agency is accountable to its mission and relevant laws, regulations, and policies. Internal control comprises the plans, methods, and procedures used to meet missions, goals, and objectives. Last year, we reported a significant deficiency in SSA's internal control over information security in our *Report on Management's Assertion about the Effectiveness of Internal Control*. We are reporting the same deficiency this year. Specifically, SSA had not consistently complied with the policies and procedures on periodic reassessments of the content of security access profiles. Additionally, security permissions provided to some employees and contractors were in excess of access required to complete their job responsibilities. Lastly, SSA's mainframe operating system contained configurations that increased the risk of unauthorized access to key financial data and programs.

We also believe SSA can bring greater accountability to its administrative cost allocation. We hired a contractor to review the agency's Cost Analysis System (CAS) given its importance to SSA's ability to provide reliable and timely information on the full costs of the programs it administers. Our contractor found that CAS has certain risks that SSA needs to address to ensure it provides viable calculations of SSA's administrative costs. For example, SSA has not updated the CAS cost allocation methodology in over 30 years to account for changes in business processes, system technology, or Federal accounting standards.

Accountability includes using budgeted funds efficiently and effectively. Each FY, SSA does not spend approximately 1 percent of its administrative budget to cover adjustments to existing obligations. SSA can transfer the unspent administrative funds that are not used to cover adjustments to an account for IT investment. Based on a historical review, we found that SSA did not need to leave any funds unspent at the end of the FY to cover adjustments.

Issue #5: Invest in Information Technology Infrastructure to Support Current and Future Workloads

SSA faces the challenge of how to best use technology to meet its increasing workloads. SSA will not be able to manage its current and future workloads without the proper IT infrastructure. The agency uses a variety of technologies, including telephone service, the Internet, and videoconferencing to deliver service to its customers. We, along with other organizations including SSA's Advisory Board and the Future Systems Technology Advisory Panel, have concerns regarding the agency's lack of IT strategic planning, as well as its IT physical infrastructure, system modernization efforts, security of sensitive information, and IT service delivery.

SSA's primary IT investment over the next few years is the replacement of the NCC. Increased workloads and growing telecommunication services have strained the NCC's ability to support the agency's business. The agency has taken or plans to take action to address the NCC's sustainability through 2014; however, the agency has projected that its new facility will not be operational before 2016.

Another major challenge facing SSA is the modernization of its systems and applications. SSA's systems modernization is constrained by multiple underlying challenges. The first is that the foundation of SSA's IT infrastructure is an outdated database management system called the Master Data Access Method (MADAM), which SSA developed in the 1980s. There is a concern that future operating system changes may render MADAM unusable, and the technical knowledge and skills needed to remedy the situation in a timely manner may not be available. Consequently, future operating system changes could lead to prolonged outages. Further, the agency's continued reliance on MADAM exposes it to significant risks, including delays in its ability to improve its systems functionality.

Further, some of SSA's legacy applications are in Common Business Oriented Language (COBOL), which constrains SSA's modernization efforts. Studies of SSA's use of COBOL have identified challenges, including cumbersome maintenance, lengthy redevelopment time, and potential loss of institutional knowledge as experienced COBOL programmers retire. In addition, COBOL restricts SSA from developing more sophisticated Web services to enable the agency to meet the growing needs of its customers. SSA plans to transition existing COBOL legacy applications to more modern programming languages.

The agency faces another challenge to keep the sensitive information it houses secure. SSA's FY 2009, 2010, and 2011 Financial Statement Audits identified a significant deficiency in the agency's control of access to its sensitive information. SSA assembled a workgroup to address the access control weaknesses identified as a significant deficiency. The workgroup is testing a commercial tool to manage its employee and contractor access.

Finally, SSA must provide additional electronic services to meet the growing needs of its customers. Because of the economic times and baby boom generation retirements, more individuals are filing for retirement and disability benefits. In FY 2011, 41 percent of all retirement applications and 33 percent of initial disability applications were filed online. To keep field offices from being overwhelmed by increasing workloads, it is the agency's goal to increase electronic filings to 50 percent by 2013. To address this challenge and reduce the workload in field offices, SSA offers over 30 electronic services. Further, SSA has researched

Internet authentication solutions to secure such online initiatives as Ready Retirement, replacement SSN cards, and other automated services.

Issue #6: Reduce Improper Payments and Increase Overpayment Recoveries

Workers, employers, and taxpayers who fund SSA's programs deserve to have their tax dollars effectively managed. As a result, 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. SSA is responsible for issuing over $700 billion in benefit payments annually to about 60 million people. Given the large overall dollars involved in SSA's payments, even the slightest error in the overall process can result in millions of dollars in over- or under-payments.

In November 2009, the President issued Executive Order 13520 on reducing improper payments; and in March 2010, the Office of Management and Budget (OMB) issued guidance for implementing it. Also, in July 2010, the *Improper Payments Elimination and Recovery Act* (IPERA) was enacted. OMB issued guidance on implementing IPERA in April 2011. As a result, all agencies with high-priority programs—those with significant improper payments—are required to intensify their efforts to eliminate payment errors. OMB designated SSA's programs as high-risk.

SSA does identify the major causes of improper payments and takes steps to address them. SSA has developed automated tools to address the more troublesome computation issues. SSA also implemented its Access to Financial Institutions project to reduce Supplemental Security Income (SSI) payment errors by identifying undisclosed financial accounts with balances that place recipients over the SSI resource limit. Further, SSA uses a variety of methods to collect the debt related to overpayments. Collection techniques include internal methods, such as benefit withholding and billing with follow-up.

The CDR is a powerful tool for reducing improper payments. Through completion of CDRs, SSA periodically verifies that individuals are still disabled and eligible for disability payments. Available data indicates that SSA will save about $9 for every $1 spent on CDRs. However, the agency has cut back on this workload over the past several years.

Issue #7: Reduce the Hearings Backlog and Prevent its Recurrence

At the forefront of congressional and agency concerns is the timeliness and accuracy of SSA's disability decisions at the hearings adjudicative level. SSA has made progress with its plans to eliminate the hearings backlog and improve average processing time to 270 days by the end of 2013, though increases in hearing receipts and higher than expected Administrative Law Judge (ALJ) attrition hindered progress in FY 2011. As the end of FY 2011, SSA's hearings backlog was approximately 787,000 cases—about 82,000 cases higher than the backlog at the end of FY 2010 and 62,000 higher than its goal for FY 2011. However, SSA continued to improve the timeliness of hearing decisions. The cumulative average processing time for hearings dropped to 360 days as of the end of FY 2011, compared to 426 days as of the end of FY 2010. In addition, SSA is facing significant budgetary challenges in meeting the 2013 goal of eliminating the pending hearings backlog. Based on our 2012 backlog projections, we concluded that SSA will miss its goal to eliminate the backlog by 2013 if ALJ availability, productivity, or projected hearing receipts varied by as little as 1 percent.

SSA is also facing increased scrutiny of the hearings process itself. Members of Congress have expressed concerns about ALJ adherence to the agency's policies and procedures, as well as their ability to demonstrate good stewardship of taxpayer dollars. Other concerns, such as ALJ workloads, variances in ALJ decisional outcomes, management controls over the hearings process, and quality reviews of ALJ decisions have also come to the forefront. We have begun work to address these issues, which we expect to complete in FY 2012. We will also continue focusing our audit resources on other hearing-related areas to determine whether agency processes are working as intended, including payments to claimant representatives, processing of complaints from the public, and availability of electronic services for the public.

Since May 2007, the agency has been implementing the Commissioner's plan to eliminate the backlog of hearing requests and prevent its recurrence. The agency continued to implement the plan through a variety of initiatives including: 1) expanding the list of diseases and conditions covered under compassionate allowances; 2) increasing adjudicatory capacity through additional hiring, new hearing offices, and the use of senior attorney adjudicators; 3) reducing the volume of aged cases in the hearings pipeline; and 4) improving hearing efficiency with automation and improved business processes, such as the expansion of video hearings.

Issue #8: Strengthen the Integrity and Protection of the Social Security Number

In FY 2011, SSA issued approximately 17 million new and replacement SSN cards and received approximately $580 billion in employment taxes related to earnings under assigned SSNs. Protecting the SSN and properly posting the wages reported under SSNs are critical to ensuring eligible individuals receive the full benefits due them.

Since the SSN's inception, SSN collection and use has significantly increased nationwide. These unique nine-digit numbers have become commonly used identifiers, and therefore, are valuable as illegal commodities. It has become, in effect, a de facto national identifier, and the Social Security card is used to establish identity and to access other services in American society. While SSA has strengthened controls in the enumeration process and worked to better protect SSNs in its records, the agency has little control over an SSN's collection, use, and disclosure by external entities once it is assigned. To better protect SSNs and assist SSA in improving the accuracy of its earnings records, we believe Congress and the agency should continue seeking measures to limit the collection, use, and disclosure of SSNs—in addition to other measures discussed below.

We commend the agency for numerous improvements in its enumeration process. Nevertheless, we continue to have concerns regarding SSN assignment and protection. For example, the agency has no authority 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 they could be used to commit crimes throughout society. We are also concerned that some noncitizens that are authorized to work by the Department of Homeland Security (DHS), but will only be in the United States for a few months, are permitted to obtain SSNs that are valid for life. Further, we believe controls over the issuance of SSN Printouts are insufficient to prevent improper access to these sensitive documents and disclosure of personally identifiable information. Finally, we are concerned with the growth in the demand for SSN Printouts, because the proof of identity required for obtaining these is less than that required for SSN replacement cards.

Maintaining the integrity of the SSN and Social Security programs also involves properly posting earnings reported under SSNs. SSA needs accurate earnings records to determine both the eligibility for Social Security benefits and the amount of those benefits. SSA expends scarce resources correcting earnings data when employers report incorrect information. 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. SSA has been working to eliminate paper wage reports while migrating to an electronic earnings record process, because paper wage reports are more error-prone, labor-intensive, and expensive to process. Further, SSA continues to support E-Verify, a DHS program that allows employers to verify electronically whether newly hired employees are authorized to work in the United States under immigration law. With SSA's assistance, DHS has made program improvements.

MONETARY BENEFITS

In FY 2011, OIG issued 110 audit reports with recommendations, identifying over $1.6 billion in questioned costs and over $1.1 billion in Federal funds that could be put to better use. OIG also received over 103,000 allegations of fraud, effected over 1,300 criminal prosecutions, and obtained a return of over $410 million in investigative accomplishments, comprised of over $81 million in SSA recoveries, restitutions, fines, settlements, and judgments, and over $328 million in projected SSA savings. Our FY 2013 funding will enable us to issue timely reports, provide training required by Government Auditing Standards, and cover mission-critical travel.

STRATEGIC PLANNING

FY 2011 was the first year under OIG's 5-year Strategic Plan (FY 2011-FY 2015). 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 15 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 2011, OIG successfully met 14 out of 15 performance measures. The specific results for FY 2011 are as follows:

Table 4.3—2011 Performance Measure Results

Goal	Target	Result
Impact		
1. Maintain an annual acceptance rate of at least 88% for all audit recommendations.	88%	**85%**
2. Achieve a 5-year average implementation rate of 85% for accepted recommendations aimed at improving the integrity, efficiency, and effectiveness of SSA.	85%	**89%**
3. Ensure at least 80% of all cases opened during the last FY directly relate to improper payments within SSA's Title II and Title XVI Programs.	80%	**93%**
4. Achieve a successful conclusion on at least 75% of all Title II and Title XVI cases closed during the FY.	75%	**87%**
Value		
5. Generate a positive return for every tax dollar invested in OIG activities that places us in the top 10% of all OIG's for return on investment.	Top 10%	**9%**
6. Evaluate and respond to 90% of all allegations received within 45 days.	90%	**96%**
7. Complete investigative fieldwork on 75% on all cases within 180 days.	75%	**89%**
8. Respond to 95% of constituent-based congressional inquiries within 21 days.	95 %	**96%**
9. Take action on 90% of CMP subjects within 30 days of receipt.	90%	**91%**
10. Achieve a positive external user assessment rating of 85% for product-service quality.	85%	**93%**
11. Issue 85% of final audit reports within 1 year of the entrance conference with SSA.	85%	**90%**
12. Complete 85% of requests for legal advice and review within 30 days.	85%	**99%**
People		
13. Achieve an annual attrition rate of 5% or less.	≤ 5 %	**3%**
14. Conduct an annual employee job-satisfaction survey and implement corrective action plans to identify areas where improvements are needed.	75%	**77%**
15. Ensure that 90% of OIG staff receives 40 or more hours of appropriate developmental and skill-enhancement training annually.	90%	**99%**

TRANSFER AUTHORITY

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 2013 consists of $30,000,000 appropriated from the general fund and $77,600,000 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 4.4—Amounts Available for Obligation (in thousands)

	FY 2011 Actual	FY 2012 Enacted	FY 2013 Estimate
General Funds Annual	$ 28,942	$ 28,887	**$ 30,000**
Trust Funds Annual Transfer	$ 73,535	$ 73,396	**$ 77,600**
Total Appropriation	**$102,477**	**$ 102,283**	**$ 107,600**
ARRA[1]	$ 171	$ 814	**$ 0**
Total Budgetary Resources	**$ 102,648**	**$ 103,097**	**$ 107,600**
Total Obligations[2]	$ 102,454	$ 103,097	**$ 107,600**
Unobligated balance lapsing	$ 194	$ 0	**$ 0**

ANALYSIS OF CHANGES

The FY 2013 request represents a $5,317,000 increase over the FY 2012 enacted level. These increases can be attributed to an increase in base expenses for employee benefits, as well as an increase in training, rent, and support services.

Table 4.5—Summary of Changes

	FY 2012 Enacted	FY 2013 Estimate	*FY12 to FY13 Change*
General Fund Appropriation	$ 28,887,000	**$ 30,000,000**	+ $ 1,113,000
Trust Fund Appropriation	$ 73,396,000	**$ 77,600,000**	+ $ 4,204,000
Total Appropriation	**$ 102,283,000**	**$ 107,600,000**	**+ $ 5,317,000**
ARRA (Planned Obligations)	$ 814,000	**$ 0**	- $ 814,000
Total Obligations	$ 103,097,000	**$ 107,600,000**	+ $ 4,503,000

[1] The ARRA appropriated $2,000,000 for activities available through FY 2012. The actual ARRA obligation for FY 2009 is $603,000, $432,000 for FY 2010, and $171,000 for FY 2011. The planned ARRA obligation for FY 2012 is $814,000.

[2] The actual obligation excluding ARRA for FY 2011 is $102,283,000. The planned obligation for FY 2012 and FY 2013 is $103,097,000 and $107,600,000 respectively.

Table 4.6—Explanation of OIG Budget Changes

	FY 2012 Base		Change from Base	
	WYs (FTEs)	**Budgetary Resources**	**WYs (FTEs)**	**Budgetary Resources**
BUILT-IN INCREASES				
Base Payroll Expenses	**586 (580)**	**$ 89,311,000**	***+10 (+10)***	***+ $3,904,000***
• *Change in base payroll expenses related to career ladder promotions and within-grade increases*	- - -	- - -	- - -	*+ $ 1,490,000*
• *Change in base expenses for employee benefits including health benefits and new employees hired under the Federal Retirement System (FERS)*	- - -	- - -	- - -	*+ $ 2,291,000*
• *All other payroll changes, including overtime and awards*	- - -	- - -	- - -	*+ $ 123,000*
Non-Payroll Costs - All other built-in nonpayroll changes, including ARRA, travel management support and equipment	- - -	**$ 8,640,000**	- - -	***+ $ 621,000***
• **Rent**	---	**$ 4,900,000**	---	***+ $ 1,050,000***
• **CIGIE Contribution**	- - -	**$246,000**	- - -	**---**
Subtotal, Built-in increases	**586 (580)**	**$ 103,097,000**	***+10 (+10)***	***+ $ 5,575,000***
PROGRAM INCREASES				
Increase for operations and maintenance of facilities and equipment	- - -	- - -	- - -	***$ 0***
Subtotal, Program Increases	**- - -**	**- - -**	**- - -**	***$ 0***
Total Increases	**586 (580)**	**$ 103,097,000**	***+10 (+10)***	***+ $ 5,575,000***

Table Continues on the Next Page

	FY 2012 Base		Change from Base	
	WYs (FTEs)	Budgetary Resources	WYs (FTEs)	Budgetary Resources
<u>BUILT-IN DECREASES</u>				
Base Payroll Expenses—Decrease in all other payroll costs, including one less paid day	---	---	---	---
Non-Payroll Costs	---	---	---	***- $ 814,000***
CIGIE Contribution	---	---	---	**- $ 258,000**
Subtotal, Built-in decreases	---	---	---	**- $ 1,072,000**
<u>PROGRAM DECREASES</u>	---	---	---	---
Decrease in costs for training, other support, services, and supplies	---	---	---	---
Subtotal, Program Decreases				
Total Decreases		**$ 0**		***- $1,072,000***
Net Change	**586 (580)**	**$ 103,097,000**	***+10 (+10)***	***+ $ 4,503,000***

BUDGET AUTHORITY BY ACTIVITY

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

Table 4.7—Budget Authority by Activity (in thousands)

	FY 2011 Actual	FY 2012 Enacted	FY 2013 Estimate
General Funds	$ 28,942	$ 28,887	**$ 30,000**
OASDI Trust Fund Transfers	$ 73,535	$ 73,396	**$ 77,600**
Total Appropriation	**$ 102,477**	**$ 102,283**	**$ 107,600**
ARRA[1]	$ 171	$814	$0
Total Budgetary Authority	**$ 102,648**	**$ 103,097**	**$ 107,600**
Obligations[2]	$ 102,454	$ 103,097	**$ 107,600**
Unobligated balance lapsing	$ 194	$ 0	$ 0
FTEs	574	580	590

[1] The ARRA appropriated $2,000,000 for activities available through FY 2012. The actual ARRA obligation for FY 2009 is $603,000, $432,000 for FY 2010, and $171,000 for FY 2011. The planned ARRA obligation for FY 2012 is $814,000.

[2] The actual obligation excluding ARRA for FY 2011 is $102,283,000. The planned obligation for FY 2012 and FY 2013 is $103,097,000 and $107,600,000 respectively.

BUDGET RESOURCES BY OBJECT

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

Table 4.8—Budget Resources by Object

	FY 2011	FY 2012	FY 2013	*FY12 to FY13 Change*
Full-time permanent	$ 64,270,000	$ 65,241,000	**$ 68,585,000**	+ $ 3,344,000
Other than full-time permanent	$ 179,000	$ 180,000	**$ 182,000**	+ $ 2,000
Other compensation	$ 204,000	$ 205,000	**$ 207,000**	+ $ 2,000
Subtotal, Personnel Compensation	$ 64,653,000	$ 65,626,000	**$ 68,974,000**	+ $ 3,348,000
Civilian personnel benefits	$ 23,333,000	$ 23,685,000	**$ 24,241,000**	+ $ 556,000
Total, Compensation and Benefits	$ 87,986,000	$ 89,311,000	**$ 93,215,000**	+ $ 3,904,000
Travel	$ 3,147,000	$ 2,800,000	**$ 2,900,000**	+ $ 100,000
Transportation of things	$ 60,000	$ 50,000	**$ 55,000**	+ $ 5,000
Rental payments to GSA	$ 4,731,000	$ 4,900,000	**$ 5,950,000**	+ $ 1,050,000
Rental payments to others	$ 86,000	$ 80,000	**$ 80,000**	$ 0
Communications, utilities, and others	$ 349,000	$ 325,000	**$ 325,000**	$ 0
Printing and reproduction	$ 4,000	$ 4,000	**$ 4,000**	$ 0
Other services[1]	$ 3,935,000	$ 4,327,000	**$ 3,771,000**	- $ 556,000
Supplies and materials	$ 432,000	$ 300,000	**$ 300,000**	$ 0
Equipment	$ 1,761,000	$ 1,000,000	**$ 1,000,000**	$ 0
Insurance Claims	$2,000	$ 0	**$ 0**	$ 0
Adjustments	- $ 39,000	$ 0	**$ 0**	$ 0
Total Budgetary Resources	$ 102,454,000	$ 103,097,000	**$ 107,600,000**	+ $4,503,000

[1] The ARRA appropriated $2,000,000 for activities available through FY 2012. The actual ARRA obligation for FY 2009 is $603,000, $432,000 for FY 2010, and $171,000 for FY 2011. The planned ARRA obligations for FY 2012 is $814,000.

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 4.9—Authorizing Legislation

	FY 2012 Authorized	FY 2012 Enacted	FY 2013 Authorized	FY 2013 Estimate
Office of the Inspector General (P.L. 103-296)	**Indefinite**	**$ 102,283,000**	**Indefinite**	**$ 107,600,000**

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 2003 to FY 2013.

Table 4.10—Appropriation History Table

Fiscal Year	Budget Estimate to Congress	House Committee Passed	Senate Committee Passed	Enacted Appropriation
General Funds	$ 21,000,000	- - -	$ 21,000,000	**$ 20,863,500**
Trust Funds	$ 62,000,000	- - -	$ 62,000,000	**$ 61,597,000**
2003 Total	$ 83,000,000	- - - [1]	$ 83,000,000 [2]	**$ 82,460,500** [3]
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	$ 90,000,000	$ 88,200,000 [4]	$ 82,460,000 [5]	**$ 87,679,600** [6]
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	$ 92,000,000	$ 91,107,000 [7]	$ 92,000,000 [8]	**$ 90,378,100** [9]
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	$ 93,000,000	$ 92,805,000 [10]	$ 93,000,000 [11]	**$ 91,476,000** [12]
General Funds	$ 27,000,000	$ 26,435,000	$ 25,740,000	**$ 25,902,000**
Trust Funds	$ 69,000,000	$ 67,976,000	$ 65,736,000	**$ 66,149,000**
2007 Total	$ 96,000,000	$ 94,411,000 [13]	$ 91,476,000 [14]	**$ 92,051,000** [15]
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	$ 95,047,000	$ 95,047,000 [16]	$ 96,047,000 [17]	**$ 91,914,901** [18]
General Funds	$ 28,000,000	- - -	$ 28,000,000	**$ 28,000,000**
Trust Funds	$ 70,127,000	- - -	$ 70,127,000	**$ 70,127,000**
2009 Total	$ 98,127,000	- - - [19]	$ 98,127,000 [20]	**$ 98,127,000** [21]
ARRA[22]	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 [23]	$ 102,682,000 [24]	**$ 102,682,000** [25]
General Funds	$ 30,000,000	- - -	$ 30,000,000	**$ 28,942,000**
Trust Funds	$ 76,122,000	- - -	$ 76,122,000	**$ 73,535,000**
2011 Total	$ 106,122,000	- - - [26]	$ 106,122,000 [27]	**$ 102,477,000** [28]
General Funds	$ 30,000,000	- - -	$ 28,942,000	**$ 28,887,000**
Trust Funds	$ 77,113,000	- - -	$ 73,535,000	**$ 73,396,000**
2012 Total	$ 107,113,000	- - - [29]	$ 102,477,000 [30]	**$ 102,283,000** [31]
General Funds	$ 30,000,000			
Trust Funds	$ 77,600,000			
2013 Total	$ 107,600,000			

[1] The House Committee on Appropriations did not report a bill. Appropriations Chairman Regula introduced H.R. 246, which included $21,000,000 from general funds and $62,000,000 from trust funds, totaling $83,000,000.

[2] S. 2766

[3] Consolidated Appropriations Resolution, 2003 (P.L. 108-7). The $21,000,000 in general 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.

[4] H.R. 2660.

[5] S. 1356.

[6] Consolidated Appropriations Act, 2004 (P.L. 108-199). The $24,500,000 in general 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.

[7] H.R. 5006.

[8] S. 2810.

[9] Consolidated Appropriations Act, 2005 (P.L. 108-447). The $25,748,000 in general 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.

[10] H.R. 3010.

[11] H.R. 3010, reported from Committee with an amendment.

[12] Departments of Labor, Health and Human Services, and Education, and Related Agencies Appropriations Act, 2006 (P.L. 109-149). The $26,000,000 in general 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 the Emergency Supplemental Appropriations Act to Address Hurricanes in the Gulf of Mexico and Pandemic Influenza, 2006 (P.L. 109-148).

[13] H.R. 5647.

[14] S. 3708.

[15] Revised Continuing Appropriations Resolution, 2007 (P.L. 110-5).

[16] H.R. 3043.

[17] S. 1710.

[18] Consolidated Appropriations Act, 2008 (P.L. 110-161). The $26,451,000 in general 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.

[19] The House Committee on Appropriations did not report a bill.

[20] S. 3230.

[21] Omnibus Appropriations Act, 2009 (P.L. 111-8).

[22] OIG received $2,000,000 through the American Recovery and Reinvestment Act of 2009 (P.L. 111-5). 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.

[23] H.R. 3293.

[24] H.R. 3293, reported from Committee with an amendment.

[25] Consolidated Appropriations Act, 2010 (P.L. 111-117).

[26] The House Committee on Appropriations did not report a bill.

[27] S. 3686.

[28] Department of Defense and Full-Year Continuing Appropriations Act, 2011 (P.L. 112-10). The $29,000,000 in general funds and $73,682,000 in trust funds included in the language for this account for FY 2011 were reduced by $58,000 and $147,000 respectively, in accordance with P.L. 112-10.

[29] The House Committee on Appropriations did not report a bill. Appropriations Chairman Rehberg introduced H.R. 3070, which included $30,000,000 from general funds and $77,113,000 from trust funds, totaling $107,113,000.

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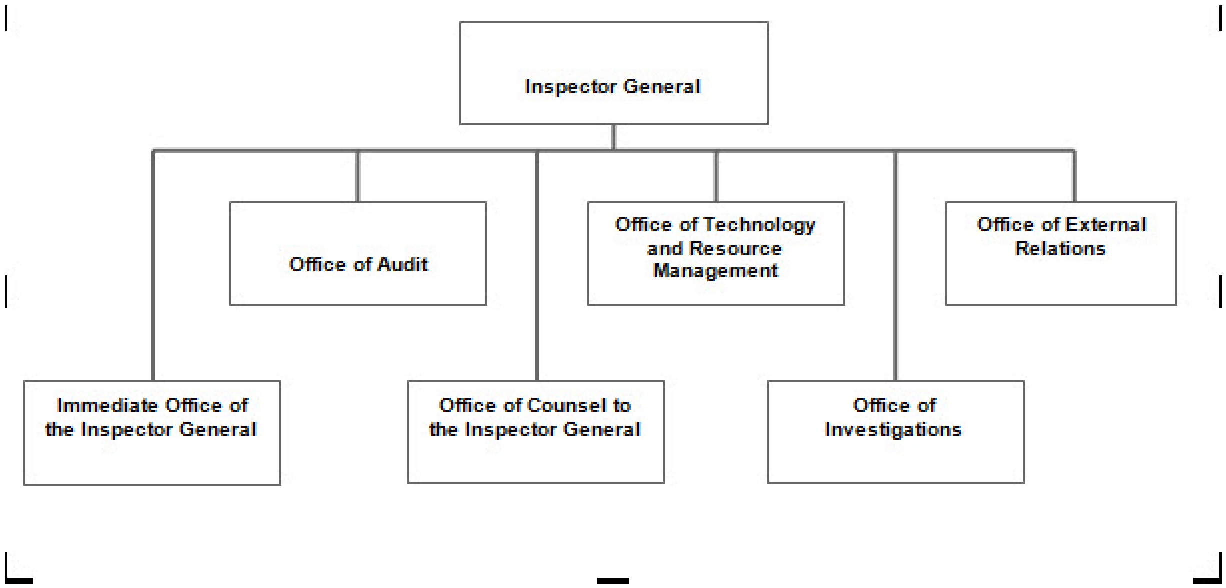
[30] S. 1599.

[31] Consolidated Appropriations Act, 2012 (P.L. 112-74). The $28,942,000 in general funds and $73,535,000 in trust funds included in the language for this account for FY 2012 were reduced by $55,000 and $139,000 respectively, in accordance with P.L. 112-74.

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. 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, 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 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 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

The budget request for FY 2013 is $107,600,000 and 590 FTEs, which reflects an increase of $5,317,000 from the FY 2012 annual appropriations level. The FY 2013 funding increase will provide funding for a 590 FTE staffing level, mandatory payroll increases (such as within-grade increases and benefit-rate increases) and for related support costs.

Table 4.11—Detail of Full-Time Equivalent Employment and Workyears

	FY 2011 Actual	FY 2012 Enacted	FY 2013 Estimate
FTEs	574	580	**590**
Overtime/Lump Sum Leave	4	6	**6**
Total	**578**	**586**	**596**

Table 4.12—Average Grade and Salary

	FY 2011 Actual
Average ES Salary	$ 169,400
Average GS Grade	13
Average GS Salary	$ 98,700