



OIG

Office *of the* Inspector General

SOCIAL SECURITY ADMINISTRATION

**Semiannual Report to Congress**

**October 1, 2016 through March 31, 2017**

**Spring Edition**

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## A MESSAGE FROM THE ACTING INSPECTOR GENERAL

The scope of the work of inspectors general continues to evolve. As we face new challenges in conducting government oversight, we also consider innovative tools and methods to detect and prevent government fraud and waste. The inspector general (IG) community, then, applauds the recent enactment of the *Inspector General Empowerment Act of 2016*, which amends the *Inspector General Act of 1978* and includes several new provisions designed to support and strengthen IG independence.



The new legislation affirms IG access to agency records and information needed to conduct effective oversight throughout the Federal government. The law also includes IG exemptions to the *Computer Matching and Privacy Protection Act of 1988*, to excuse inspectors general from obtaining formal matching agreements before matching data with other agencies and entities to identify fraud and waste, and to the *Paperwork Reduction Act*, to allow the timely collection of information from large groups for audits and investigations. Both exemptions should bolster our audit and investigative efforts.

Further, the law mandated several new semiannual reporting requirements by inspectors general to Congress, to improve Government transparency and accountability. In this spirit, I am proud to present this *Semiannual Report to Congress*, which highlights our accomplishments and includes the new information as required by the *Inspector General Empowerment Act*, for the reporting period of October 1, 2016 through March 31, 2017. For example, during the reporting period:

- Our auditors reported that the Social Security Administration's (SSA) reliance on beneficiaries to self-report changes in their household and finances resulted in significant overpayments, due to repeated non-compliance. We estimated that SSA overpaid beneficiaries more than \$1.8 billion in Social Security benefits and Supplemental Security Income (SSI) over a 10-year-period.
- Our special agents continued to see results from an investigation into a large-scale disability fraud scheme in New York City. One person involved in the scheme, a former New York City Police Department sergeant, previously pled guilty to government theft after receiving disability benefits by faking a shoulder injury. In March 2017, a judge sentenced him to three months in prison and ordered him to repay more than \$620,000 to SSA.
- Our attorneys worked to protect the public from perpetrators who develop phishing and fee schemes using SSA's name and reputation. Our attorneys have worked closely with the internet search-engine industry to get in front of this issue, and their efforts resulted in a technology company developing a public service notice for its search engine. This notice will protect the public from deceptive practices, such as charging for services that SSA provides at no cost.

As this report demonstrates, we are committed to reviewing Social Security's programs and operations and detecting Social Security fraud and waste. The newly enacted *Inspector General Empowerment Act* should only enhance our oversight efforts going forward.

A handwritten signature in black ink that reads "Gale Stallworth Stone". The signature is written in a cursive, flowing style.

Gale Stallworth Stone  
Acting Inspector General

## EXECUTIVE SUMMARY

This report presents the significant activities of SSA's Office of the Inspector General (OIG) from October 1, 2016 through March 31, 2017, documenting the achievements of the OIG's Offices of Audit (OA), Investigations (OI), and Counsel (OCIG), and the OIG's support components.

<b>Key Accomplishments</b> October 1, 2016 through March 31, 2017	
<b>Audit Reports Issued</b>	22
<b>Questioned Costs</b>	\$664,938,834
<b>Funds Put to Better Use</b>	\$712,086,197
<b>Allegations Received</b>	68,986
<b>Investigations Opened</b>	3,758
<b>Investigations Closed</b>	3,658
<b>Arrests</b>	162
<b>Indictments/Informations</b>	300
<b>Criminal Convictions</b>	437
<b>Civil Actions/Civil Monetary Penalties</b>	100
<b>Cooperative Disability Investigations</b>	
--Claims Denied/Ceased	2,220
--Projected SSA Savings	\$120,569,873
--Projected Non-SSA Savings	\$142,814,671

### Audit

We issued 22 reports and made recommendations on various challenges facing SSA. In these reports, we identified almost \$665 million in questioned costs and more than \$712 million in Federal funds that could be put to better use.

During this reporting period, one of our significant audits found that 70 (61 percent) of the Old-Age, Survivors and Disability Insurance (OASDI) beneficiaries and 59 (53 percent) of SSI recipients in our sample were repeatedly overpaid because of their earnings. We believe SSA could have found these 129 individuals at fault for causing or contributing to the overpayments because of their repeated failure to comply with agency earnings reporting requirements. Based on our sample, we project SSA overpaid 49,420 OASDI beneficiaries almost \$966 million and 94,480 SSI recipients almost \$924 million.

## Investigations

We received more than 68,000 allegations from SSA employees, Congress, the public, law enforcement agencies, and other sources. OIG special agents closed more than 3,600 criminal investigations, and reported over 160 arrests, 300 indictments and informations, over 430 criminal convictions (including pretrial diversions), and 100 civil judgments or Civil Monetary Penalty (CMP) assessments.

We are reporting over \$213 million in investigative accomplishments, including over \$63 million in SSA recoveries, restitution, fines, settlements, and judgments.

## Legal

Our attorneys provided legal guidance for all aspects of the OIG mission, including issuing legal opinions, evaluating and approving 483 subpoenas, and assessing appropriate disclosures for 35 *Freedom of Information Act* requests. OIG attorneys also evaluated more than 1,000 cases for potential Civil Monetary Penalty (CMP) or administrative sanction and successfully resolved 86 CMP actions against individuals who made false statements, representations, or omissions to obtain or retain Social Security benefits (violating Section 1129 of the *Social Security Act*).

OIG attorneys imposed almost \$4 million in penalties and assessments through the CMP program. We also pursued actions to protect the public from fraudulent schemes that make use of SSA's well-known name and reputation (violations of Section 1140).

Finally, we shut down or achieved voluntary compliance in 8 Section 1140 cases, imposed penalties totaling \$15,000, and deterred future violations through innovative outreach efforts.

## Outreach

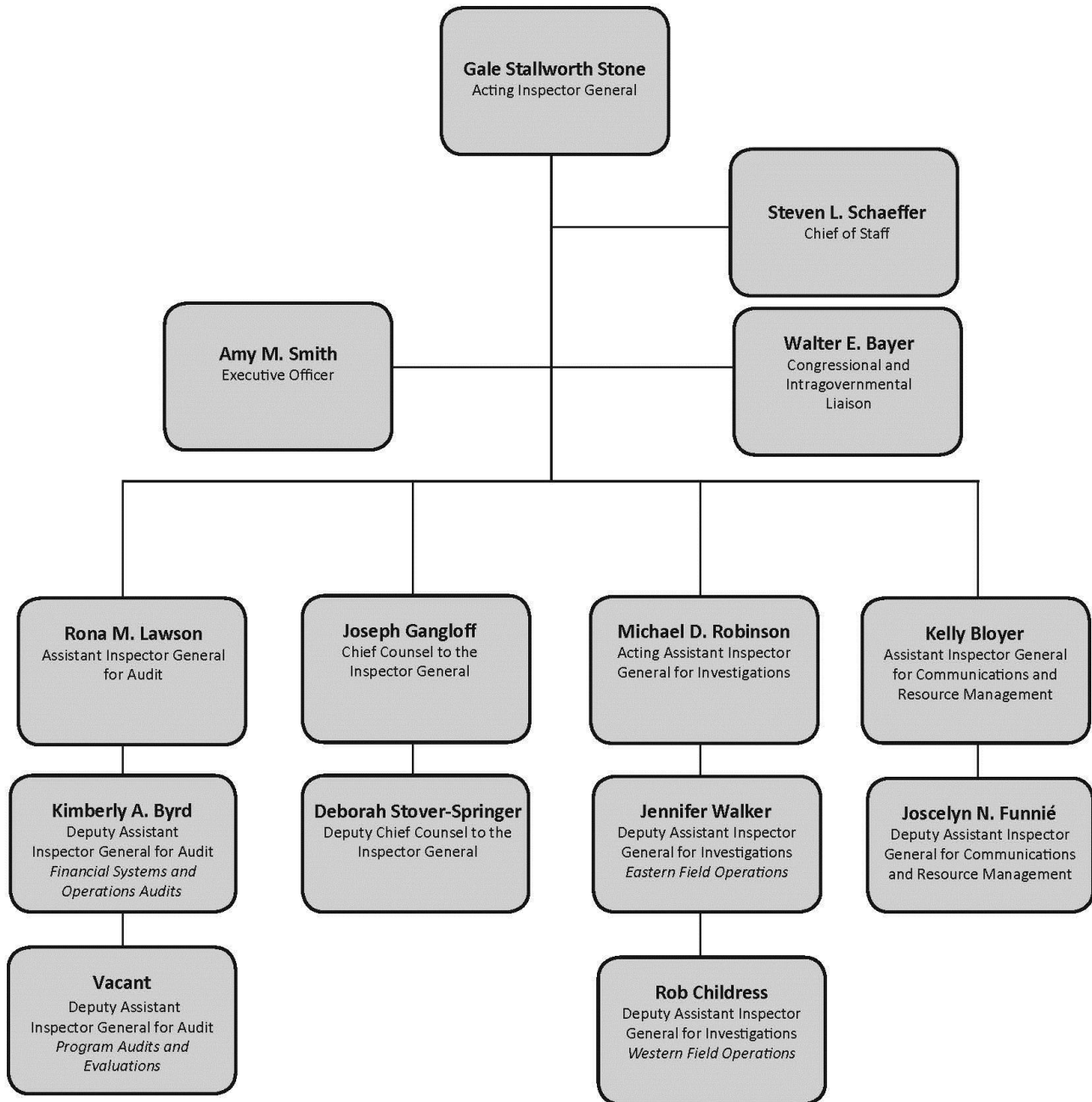
During the reporting period, Acting Inspector General Gale Stallworth Stone testified before the House Ways and Means Subcommittees on Social Security and Oversight in a two-part hearing series on SSA's representative payee program. The Acting Inspector General also testified before the House Appropriations Subcommittee on Labor, Health and Human Services, Education and Related Agencies on inspector general views of agency management challenges.

Also, the OIG participated in a public forum hosted by the Social Security Advisory Board (SSAB) in Washington, to discuss the future of SSA's representative payee program.

Further, we continued consumer-protection outreach to the private sector, internet search-engine industry to help protect vulnerable consumers from unwittingly paying third parties for services that SSA directly provides at no cost. As a result, during the reporting period, one company developed and implemented a Social Security public service notice on its search engine. The notice is triggered by web users' search of Social Security related terms—identified through cooperative efforts between the OIG and private sector—that are associated with a high potential for victimization.

# INTRODUCTION TO OUR ORGANIZATION

As of March 31, 2017



SSA OIG comprises the Immediate Office (IO) of the IG and four major components: Audit (OA), Communications and Resource Management (OCRM), Counsel (OCIG), and Investigations (OI).

## Immediate Office of the Inspector General

IO assists the IG with the full range of responsibilities, and coordinates with external entities. IO also includes the Office of Quality Assurance and Professional Responsibility, which ensures compliance with Federal laws and regulations, Agency policies, and relevant professional standards; and investigates OIG employee misconduct.

## Office of Audit

OA conducts financial and performance audits of SSA programs and operations, and makes recommendations to ensure that SSA achieves program goals effectively and efficiently. Financial audits determine whether SSA's financial statements fairly represent SSA's financial position, results of operations, and cash flow. Performance audits review the economy, efficiency, and effectiveness of SSA's programs and operations. OA also conducts short-term management and program evaluations on issues of concern to SSA, the Congress, and the public.

## Office of Communications and Resource Management

OCRM provides administrative support to the IG and OIG components. OCRM formulates and executes the OIG budget, and is responsible for strategic planning, performance reporting, and facility and property management. OCRM disseminates information about the OIG's accomplishments to Congress, the media, and the public, and maintains the OIG web presence. OCRM manages OIG's human resources and develops administrative policies and procedures. OCRM also maintains the hardware, software, and telecommunications networks that are integral to OIG's operations. Finally, OCRM manages the OIG's Fraud Hotline and Fugitive Enforcement Program.

## Office of the Counsel to the Inspector General

OCIG provides independent legal advice and counsel to the IG and OIG senior executives on a wide range of issues affecting audits, investigations and administration, including statutes, regulations, legislation and policy directives. Legal advice includes investigative procedures and techniques, *Freedom of Information Act* requests, *Privacy Act* disclosures, Congressional responses, and cooperative agreements between state and local law enforcement and SSA for the nation-wide Cooperative Disability Investigations (CDI) Units. OCIG also administers the CMP program.

## Office of Investigations

OI conducts investigations related to fraud, waste, abuse and mismanagement in SSA programs and operations. This includes wrongdoing by applicants, beneficiaries, contractors and third parties, and by SSA employees. OI serves as the OIG's liaison to the Department of Justice (DOJ) on all investigative matters. OI also conducts joint investigations with other law enforcement agencies, and shares responsibility with the Department of Homeland Security's (DHS) Federal Protective Service for investigating threats or violence against SSA employees and facilities.

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## SSA MANAGEMENT CHALLENGES

The OIG annually identifies the most significant management and performance challenges facing SSA based on legislative mandates and our audit and investigative work. Listed below is a summary of each challenge.

### STRENGTHEN PLANNING, TRANSPARENCY, AND ACCOUNTABILITY

Planning, transparency, and accountability are critical factors in effective management. Failure to plan properly to meet its mission and challenges will lessen SSA's ability to provide its services efficiently and effectively now and in the future. We have previously noted that while planning for the next few years is important, a longer-term vision is critical to ensuring that SSA has the programs, processes, staff, and infrastructure required to provide needed services 10 to 20 years from now and beyond. In Fiscal Year (FY) 2015, SSA published its *Vision 2025* report, which presents three priorities—superior customer experience, exceptional employees, and innovative organization. However, *Vision 2025* itself does not include specific, measurable goals or outline the strategy needed to implement SSA's proposed vision. SSA states that *Vision 2025* provides a high-level, aspirational vision, and specific goals, objectives, and strategies will be published in Agency Strategic Plans and Annual Performance Reports over the coming years with the guidance of *Vision 2025*'s three priorities. To demonstrate transparency, the Agency has a mixture of outcome and output performance measures on which it publicly reports. However, many of the output measures related to budgeted workloads do not indicate whether the completion of the workloads has positive outcomes. Measuring outputs does not inform the public whether SSA is having the outcomes it needs to efficiently and effectively provide its services and meet its mission. Regarding accountability, the FY 2016 Independent Auditor's Report contained three significant deficiencies in (a) internal controls related to calculation, recording, and prevention of overpayments, (b) redeterminations, and (c) information systems controls. The Acting Commissioner has made addressing these deficiencies a priority.

### IMPROVE CUSTOMER SERVICE

SSA faces several challenges as it pursues its mission to deliver quality services, including responding to rapid advances in technology to accommodate an aging population and workforce. SSA stated that the population ages 65 and older would grow by about 18 million from FY 2016 to 2025 and an additional 20.4 million by 2050, thereby dramatically increasing the demand for its services. SSA continues to face significant service delivery challenges due to the aging of the baby boomer population, and the expectation that many of its most experienced staff members will retire soon. While SSA estimates that retirement and disability beneficiaries will increase from 61 million in 2016 to 86.7 million in 2025, it projects that more than one-third of its workforce will retire by 2022. Further, the rapid spread of mobile devices will fuel expectations for mobile access to Government services. Finally, our audits continue to identify problems with SSA's administration of the representative payee program, and our investigations identified various types of representative payee fraud. In March 2016, the SSAB released *Representative Payees: A Call to Action*, which outlines some of the issues facing the representative payee program, reasons for concern, and encourages further research.

### REDUCE DISABILITY BACKLOGS AND IMPROVE DECISIONAL QUALITY

While the level of pending initial disability claims decreased, the Agency still faces challenges with pending hearings and appeals. Continued focus on decisional quality is essential to ensure the integrity of the process. SSA ended FY 2016 with almost 568,000 initial disability claims pending. SSA has had a backlog of full medical Continuing Disability Reviews (CDR) since FY 2002. While the CDR backlog



decreased recently, it remained at 280,000 at the end of FY2016. SSA has increased the number of full medical CDRs completed in recent years. The Agency expects to eliminate the backlog by the end of FY 2019. As far as returning to work, a recent review of the Ticket to Work and Self-Sufficiency Program (Ticket Program) found that few Ticket-eligible beneficiaries used their Tickets to receive vocational or employment services. In addition, an independent evaluation failed to provide strong evidence of the Ticket Program's effect on employment and concluded that many successful Program participants might have been equally successful without SSA-financed services or with services provided by state vocational rehabilitation agencies under the payment system that predated the Ticket Program. Another part of the disability program, the hearings and appeals process, has experienced worsening timeliness and growing backlogs. For instance, the average processing time for a hearing increased 27 percent from 426 days at the end of FY 2010 to 543 days at the end of FY 2016. Moreover, during the same period, the pending hearing backlog grew 59 percent, from about 700,000 cases at the end of FY 2010 to more than 1.1 million cases at the end of FY 2016.

### **MODERNIZE INFORMATION TECHNOLOGY INFRASTRUCTURE**

SSA must modernize its information technology (IT). SSA's aging IT infrastructure is increasingly difficult and expensive to maintain. The Agency continues to rely on outdated applications and technologies to process its core workloads, such as retirement and disability claims. To ensure SSA can keep pace with increasing workloads, the Agency must maintain its legacy systems while developing their modern replacements. One of the Agency's priorities is to develop, and increase the use of, self-service options. To achieve that goal, SSA plans to rapidly expand the services available through its *my Social Security* online portal. In addition, the Agency is expanding the availability of an application to permit certain individuals to request replacement Social Security number (SSN) cards online. In 2015, we evaluated SSA's Authentication Risk Assessment for the Internet Social Security Number Replacement Card Project and identified some concerns with the mitigating controls SSA plans to use for the application. SSA also faces challenges in executing and implementing major IT projects and delivering expected functions on-schedule and within budget. For example, to simplify system support and maintenance, improve the speed and quality of the disability process, and reduce the overall growth rate of infrastructure costs, SSA continues to develop the Disability Case Processing System (DCPS). Once implemented, DCPS will be used by all Disability Determination Services (DDS). Despite facing schedule delays and stakeholder concerns earlier in the process, SSA delivered DCPS with limited functionality to six DDS sites in the first half of FY 2017. SSA continues to develop functionality for all initial and reconsiderations case processing, along with initial Continuing Disability Reviews (CDRs), targeted by January 2018.

### **SECURE INFORMATION SYSTEMS AND PROTECT SENSITIVE DATA**

SSA must ensure that its information systems are secure, and sensitive data protected. Recent breaches at several Federal agencies have underscored the importance of securing Federal systems and protecting sensitive information. The information SSA houses on nearly every U.S. citizen is invaluable to would-be hackers and potential identity thieves. Therefore, the Agency's information systems may be at particular risk of attack. Given the highly sensitive nature of the personal information in its systems, it is imperative that SSA have a robust information security program. Our prior audit and investigative work has raised some concerns with the security of SSA's information systems. Since FY 2012, auditors have identified weaknesses that, when combined, resulted in a significant deficiency in SSA's internal controls. Additionally, other recent audits and evaluations have identified concerns with SSA's information security program. While expanding its inventory of electronic services, the Agency needs to ensure that those services are secure. Prior investigative and audit work has identified incidents of fraud committed through SSA's electronic services. For example, despite controls to prevent unauthorized access to *my Social Security*, we continue to receive fraud allegations related to *my Social Security* accounts.

**REDUCE IMPROPER PAYMENTS AND INCREASE OVERPAYMENT RECOVERIES**

SSA is responsible for issuing over \$960 billion in benefit payments, annually, to over 68 million people. Given the large overall dollar amounts involved, even the slightest error in the overall process can result in millions of dollars in over- or underpayments. In its FY 2016 Agency Financial Report, SSA reported about \$7.9 billion in over- or underpayments. 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. Nonetheless, SSA has not met its payment accuracy targets in the last few years. Both the OIG and Government Accountability Office noted in 2016 reports that SSA is not compliant with the *Improper Payments Elimination and Recovery Act of 2010* requirements for meeting its targeted payment accuracy rates. Because of this noncompliance, SSA prepared remediation plans that outlined steps to become compliant. Once SSA determines an individual has been overpaid, it attempts to recover the overpayment. According to SSA, in FY 2016, it recovered \$3.3 billion in overpayments at an administrative cost of \$0.07 for every dollar collected and ended the FY with an uncollected overpayment balance of \$18.5 billion.

**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 eligible individuals receive the full benefits they are due. While SSA has improved its enumeration process, given the preponderance of SSN misuse and identity theft, we continue to believe protection of this critical number is a considerable challenge for SSA as well as its millions of stakeholders. Unfortunately, once SSA assigns an SSN, it has no authority to control how other entities collect, use, and protect it. Our audit and investigative work have shown that the more SSNs are unnecessarily used, the higher the probability individuals could use them to commit crimes. Further, we remain concerned about SSN misuse by noncitizens who are not authorized to work in the United States. Properly posting earnings ensures eligible individuals receive the full retirement, survivors, and/or disability benefits due them. If employers report earnings information incorrectly or not at all, SSA cannot ensure all individuals entitled to benefits are receiving the correct payment amounts. SSA spends scarce resources correcting earnings data when employers report incorrect information.

## AUDIT

### THE SOCIAL SECURITY ADMINISTRATION'S NATIONAL REMITTANCE PROCESS

The objective of this audit was to determine whether SSA processed remittances accurately and timely.

SSA receives remittances for a variety of reasons, but the majority are to repay overpaid benefits. Remittances primarily consist of checks/money orders and credit card charges. SSA's Remittance and Accounting Unit (RAU) in the Mid-Atlantic Program Service Center is primarily responsible for processing remittances.

RAU receives remittances from individuals, employers, payroll-processing contractors, Federal Courts, and banks, as well as the program-related remittances received in field offices (FO). In FY 2015, RAU processed over 1.7 million remittances, totaling over \$892 million.

While SSA processed remittances *accurately*, it did not process all remittances *timely*. As of April 22, 2016, RAU had 84,253 unprocessed checks (those RAU received without a remittance coupon), some almost 8-months-old. Without a remittance coupon, RAU cannot scan, process, or deposit checks until it identifies the associated remittance record. RAU also had 57,636 pieces of unopened mail, some pieces almost 2-months-old.

The processing delays caused an increase in the number of customers calling to question why SSA had not cashed their checks and/or continued sending them collection notices for payments they had already submitted. It also caused SSA to take unnecessary debt-collection actions against some individuals who had remitted payments.

Although SSA had eliminated the backlog we identified, as of October 28, 2016, RAU still had a significant workload that included about 3 months of unprocessed checks. Given its workload and the uncertainties about future resources and automation enhancements, we are concerned about RAU's ability to timely process remittances.

We recommended that SSA (1) establish timeliness standards for remittance processing, (2) complete efforts to automate the remittance process, (3) ensure RAU has adequate resources to prevent remittance backlogs, and (4) issue a reminder to technicians to contact beneficiaries when a name and address are provided to obtain the information needed to process remittances.

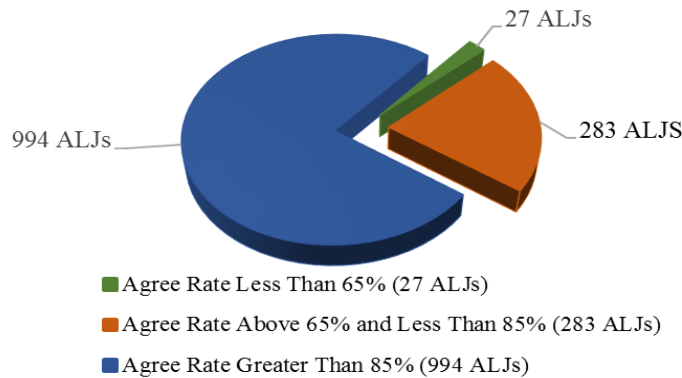
SSA agreed with our recommendations.

### OVERSIGHT OF ADMINISTRATIVE LAW JUDGE DECISIONAL QUALITY

Our objective was to review the actions SSA took to monitor and improve the quality of administrative law judge (ALJ) decisions using information from Appeals Council (AC) request for review actions.

Claimants can file an appeal of a denied or dismissed disability case through a request for review to the AC. SSA's Office of Disability Adjudication and Review (ODAR) tracks the AC's decision on every appealed case and calculates a quality performance measure for each ALJ. The decision agree rate represents the extent to which the AC concludes the ALJ decisions were supported by substantial evidence and contained no error of law or abuse of discretion justifying a remand or reversal. At the time of our review, the national agree rate goal for ALJ decisions was 85 percent.

As of June 2016, all ODAR regions and all but 23 hearing offices had exceeded the national goal of 85 percent. However, ODAR had not maintained historical agree-rate data at the regional or hearing office level, thereby limiting its ability to analyze agree rate trends. While most ALJs exceeded the agree rate goal, 310 were not meeting the national goal, 27 of whom had agree rates below 65 percent.



ODAR's agree rate had some limitations. Most notably, it provided information on less than one-quarter of the total ALJ dispositions. So, while the agree rate is one of the few quality measures providing specific feedback on an ALJ's workload, it cannot speak to the entirety of an ALJ's workload.

ALJs with below-average agree rates may receive additional training, mentoring, and counseling and, in some cases, may be subject to further review.

We recommended, and SSA agreed to (1) re-assess the national agree-rate goal for denials to determine whether it should be increased; and (2) maintain and analyze historic data on agree rates to more effectively monitor regional and hearing office agree rates.

### **CUSTOMER WAITING TIMES IN THE SOCIAL SECURITY ADMINISTRATION'S FIELD OFFICES**

SSA administers its programs and services through a network of approximately 1,220 FOs in 10 regions that serve the public throughout the United States and its territories. FOs are SSA's primary point of face-to-face contact with the public.

Major FO workloads include: (1) processing original or replacement SSN applications; (2) taking applications and determining non-medical eligibility for OASDI and SSI benefits; (3) conducting continuing non-medical eligibility reviews to ensure payment accuracy; and (4) performing other functions, such as updating beneficiary records and answering telephone calls.

While the total number of visitors to all SSA FOs steadily increased between FYs 2006 and 2010, they have since decreased. In FY 2010, there were 45.4 million visitors and only 40.7 million in FY2015. However, customer wait times have increased in all 10 SSA regions. For all regions, the average wait time increased from 19 minutes in FY 2010 to 26 minutes in FY 2015.

The number of visitors to SSA FOs who waited longer than 1 hour for service significantly increased from FYs 2010 to 2015. In fact, for all regions, the number of FO visitors who waited longer than 1 hour for service increased from 2.3 million in FY 2010 to 4.5 million in FY 2015. Further, more than 11 percent of all visitors to SSA FOs waited

longer than 1 hour for service in FY 2015. In contrast, only about 5 percent of visitors waited longer than 1 hour in FY 2010.

We plan to conduct a follow-up review that will examine factors that affect wait times and how SSA is managing field-office wait times

### **INDIVIDUALS WHO HAVE MULTIPLE OVERPAYMENTS CAUSED BY FAILURE TO REPORT EARNINGS**

We wanted to determine whether individuals had been repeatedly overpaid because they knowingly withheld, misrepresented, or concealed earnings information.

SSA generally relies on individuals to self-report changes in their personal circumstances to ensure payments are correct.

Beneficiaries and recipients are expected to exercise a high degree of care to prevent overpayments and to communicate with SSA in good faith regarding circumstances that could affect entitlement or payment amount.

A person may be found at fault if SSA determines the individual caused or contributed to an overpayment by withholding or concealing information. If so, waiver of the overpayment is precluded, and the finding of fault could indicate that SSA should consider punitive actions including withholding the full monthly payment, administrative sanctions, or penalties.

We found 70 (61 percent) of the OASDI beneficiaries and 59 (53 percent) of the SSI recipients in our sample were repeatedly overpaid because of their earnings. We believe SSA could have found these 129 individuals at fault for causing or contributing to the overpayments because of their repeated failure to comply with Agency earnings reporting requirements. SSA also could have further developed these cases to determine whether punitive actions could have been used as a deterrent against future overpayments. However, we found the Agency did not apply these actions to any of the individuals in our sample.

Based on our sample, we project SSA overpaid

- 49,420 OASDI beneficiaries almost \$966 million and
- 94,480 SSI recipients almost \$924 million.

As of February 2016, we estimate SSA had not collected almost \$178 million of these OASDI overpayments and more than \$447 million of these SSI overpayments.

We made two recommendations, including that SSA use punitive actions to deter future overpayments for individuals with a repeated pattern of noncompliance with earnings reporting requirements.

SSA agreed with our recommendations.

### **PRE-EFFECTUATION REVIEWS OF FAVORABLE HEARING DECISIONS**

Our objective was to determine whether (1) ODAR timely processed its pre-effectuation reviews (PER) of favorable hearing decisions and (2) Office of Operations appropriately terminated benefits for claimants whose cases were denied or dismissed in the process. We also reviewed the costs and benefits of conducting the PERs.

When ODAR's Division of Quality (DQ) selects a case for a PER, it is legally required to notify the claimant within 60 days if it intends to conduct a more extensive review.

In about 99 percent of the PER cases, DQ either effectuated the case or notified claimants within the required 60 days, though average processing time had steadily increased over the 5-year period.

For the PER cases requiring further review, the majority was remanded to ALJs, with average processing time for remanded cases also increasing over this period. DQ managers and staff attributed the increase in remand processing time to a growing number of PER cases, DQ staff and management losses, DQ staff handling other workloads, and a lack of timeliness goals.

Of the FY 2011 cases that required further review and were subsequently denied/dismissed, the Office of Operations did not timely terminate disability benefit payments to nine of these claimants. This figure fell to four claimants in FY 2014.

Overall, about 5 percent of the total PER cases processed in FY 2011 led to a denial or dismissal. Given the rate of denials and dismissals, we estimated the potential net program savings ranged from \$23 to \$25 million for that year. Overall, the Agency saved \$4 to \$5 on average per \$1 spent on the PER process in FY 2011.

We made four recommendations to improve this area, and SSA agreed to them.

## INVESTIGATIONS

OIG examines and investigates allegations of fraud, waste, abuse, and mismanagement in SSA programs and operations. These allegations may involve issues such as benefit fraud, SSN misuse, violations by SSA employees, or fraud related to grants and contracts. Our investigations often result in criminal or civil prosecutions or the imposition of CMPs against offenders. These investigative efforts improve SSA program integrity by recovering funds and deterring those contemplating fraud against SSA in the future. Our work in the areas of program fraud, enumeration fraud, SSN misuse, and other Social Security-related fraud ensures the integrity of SSA programs.

INVESTIGATIVE RESULTS	
	10/1/16-3/31/17
Allegations Received	68,986
Cases Opened	3,758
Cases Closed	3,658
Arrests	162
Indictments/Informations	300
Criminal Convictions	437
Civil Actions/CMPs	100

SSA FUNDS REPORTED	
	10/1/16 – 03/31/17
Recoveries	\$24,892,663
Fines	\$1,865,458
Settlements/Judgments	\$1,046,481
Restitution	\$36,161,145
Estimated Savings	\$149,849,893
<b>TOTAL</b>	<b>\$213,815,640</b>

ALLEGATIONS RECEIVED BY SOURCE	
	10/1/16-3/31/17
SSA and DDS Employees	19,040
Private Citizens	31,196
Anonymous	13,090
Law Enforcement	1,972
Beneficiaries	2,707
Public Agencies	974
Other ( <i>Congressional, Financial Institutions, Contractors/Grantees, White House, Employee of Contractor, and Employee of Subject</i> )	7
<b>TOTAL</b>	<b>68,986</b>

ALLEGATIONS RECEIVED BY CATEGORY	
	10/1/16-3/31/17
Disability Insurance	27,506
SSI Disability	13,991
SSN Misuse	9,307
Old-Age and Survivors Insurance	9,877
Other	5,374
Threats/Employee Safety	519
Employee-Related	1,664
SSI Aged	748
<b>TOTAL</b>	<b>68,986</b>



	10/1/16-3/31/17
<b>Total number of investigative reports issued<sup>1</sup></b>	3,219
<b>Total number of persons referred to the Department of Justice for criminal prosecution<sup>2</sup></b>	572
<b>Total number of persons referred to State and local prosecuting authorities for criminal prosecution<sup>3</sup></b>	101
<b>Total number of indictments and criminal informations<sup>4</sup></b>	300

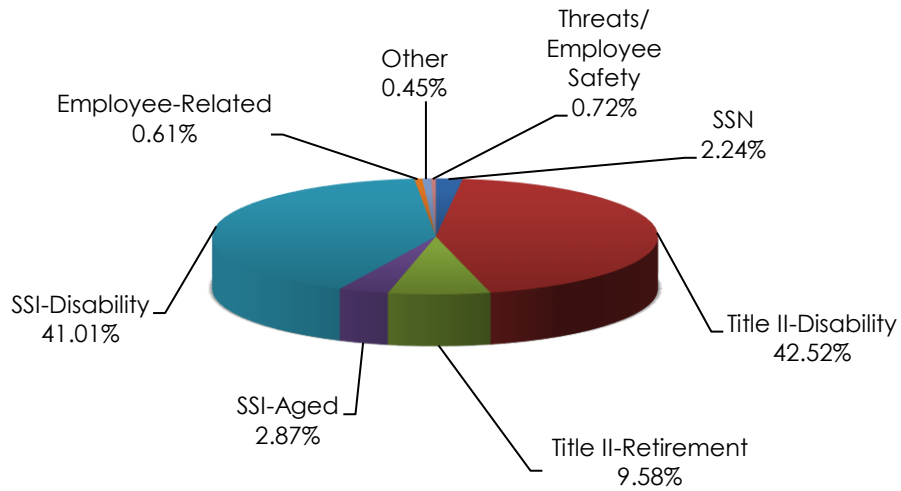
<sup>1</sup> This metric includes the total number of summative reports of investigative findings issued externally by the OI, including prosecution referrals, reports of employee investigation, reports of special investigation, and reports of findings by a CDI unit.

<sup>2</sup> This metric includes the total number of individual subjects or entities referred to DOJ where the investigative findings were not subject to pre-established prosecution declination guidelines.

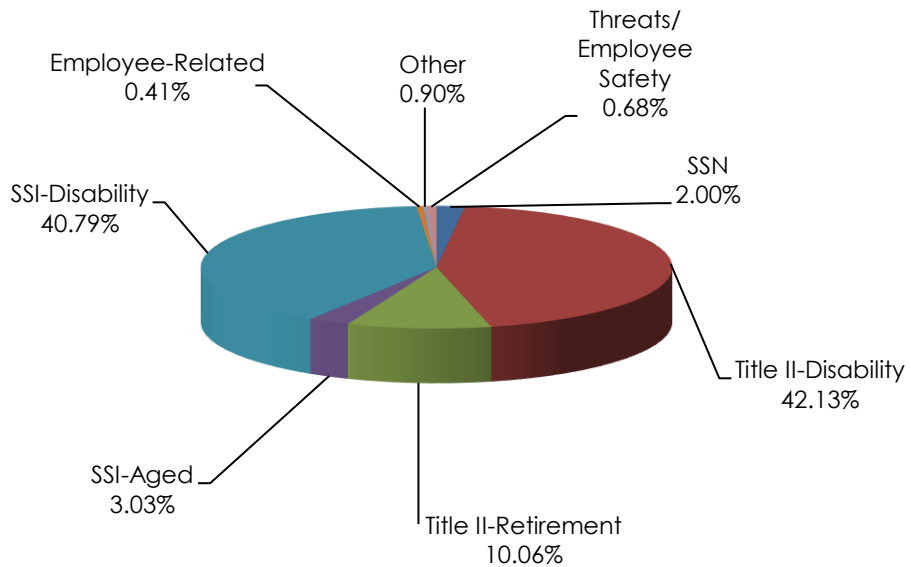
<sup>3</sup> This metric includes the total number of individual subjects or entities referred to State and local prosecuting authorities where the investigative findings were not subject to pre-established prosecution declination guidelines. These persons may also have been referred to DOJ.

<sup>4</sup> This metric includes the total number of initial indictment or criminal information filings per subject. Subsequent or superseding indictments and/or criminal informations related to the same subject are not included.

### Cases Opened by Program Category 10/01/16 Through 3/31/17



### Cases Closed by Program Category 10/01/16 Through 03/31/17



## Significant Investigative Activities

### *Disability Fraud*

#### **REPAIR PERSON OPERATING BUSINESS COLLECTS DISABILITY BENEFITS**

Acting on an allegation received through our Fraud Hotline, our Jacksonville, Florida office investigated a 58-year-old Disability Insurance (DI) beneficiary. The investigation revealed that, from October 2007 through February 2016, the man concealed that he was operating a handyman service while collecting disability and Medicare benefits. The man pleaded guilty to theft of Government funds and, in February 2017, he was sentenced to 18 months' in prison and three years' supervised release. He was ordered to repay \$155,316 to SSA and \$81,366 to the U.S. Department of Health and Human Services (HHS).

#### **WOMAN ATTEMPTS TO DEFRAUD SSA FOR SECOND TIME**

Based on an allegation received from the St. Louis Downtown, Missouri SSA office, our St. Louis, Missouri office investigated a 53-year-old SSI applicant. The investigation revealed that, after having been convicted in September 2013 of aggravated identity theft and ordered to repay \$52,966 in fraudulently received SSI payments, the woman again applied for SSI and concealed property ownership and income from a trust fund. The woman pleaded guilty to making false statements, aggravated identity theft, and Social Security fraud. In February 2017, she was sentenced to 45 months in prison and 3 years' supervised release.

#### **DISABILITY BENEFICIARY CONCEALS STRIP CLUB, BROTHEL OPERATION**

After receiving a report from the Federal Bureau of Investigation, our Little Rock, Arkansas office investigated a 31-year-old DI beneficiary. The investigation revealed that, from September 2011 through June 2015, the man concealed income from a strip club and brothel he operated out of his home while receiving DI benefits. The man pleaded guilty to making false statements and, in January 2017, he was sentenced to 21 months in prison and 3 years' supervised release. He was ordered to repay \$15,209 to SSA.

#### **DISABLED MAN FOUND TO BE WORKING AS TRUCK DRIVER**

After receiving a report from our Fraud Hotline, our Jackson, Mississippi office investigated a 47-year-old DI beneficiary. The investigation determined that the man concealed from SSA that he had returned to work as a truck driver and, from July 2009 through March 2015, received DI benefits to which he was not entitled. The man pleaded guilty to theft of Government funds and, in November 2016, he was sentenced to five months in prison and three years' supervised release, including 5 months' home confinement. He was ordered to repay \$105,703 to SSA.

#### **MAN CONCEALS DRIVING A DUMP TRUCK WHILE COLLECTING DISABILITY BENEFITS**

Acting on a referral received through our Fraud Hotline, our Milwaukee, Wisconsin office investigated a 59-year-old DI beneficiary. The investigation determined that, from January 2007 through December 2014, the man concealed his employment as a dump truck driver and continued to receive DI benefits and medical insurance coverage through Medicare. The man pleaded guilty to theft of Government funds and, in October 2016, he was sentenced to 16 months in prison and 2 years' supervised release. He was ordered to pay restitution of \$117,510 to SSA and \$11,878 to HHS.

## **Representative Payee Fraud**

### **MOTHER STEALS HER CHILD'S SSI PAYMENTS FOR OVER 8 YEARS WHEN CHILD NO LONGER RESIDED WITH HER**

Based on a referral from the San Marcos, California SSA office, our Los Angeles, California office investigated a 66-year-old representative payee/mother. The investigation determined that, while receiving SSI payments on behalf of her disabled child from January 2006 through July 2014, the mother failed to report that the child did not reside with her and that she did not provide financial support. The woman entered a no contest plea to grand theft and, in January 2017, she was sentenced to 5 years' probation and was ordered to repay \$88,114 to SSA.

### **PAYEE STEALS OVER \$140,000 INTENDED FOR DISABLED SISTER, BUYS LUXURY CAR**

Based on a referral from the U.S. Attorney's Office, District of Delaware, our Philadelphia, Pennsylvania office investigated a 41-year-old representative payee. The investigation determined that, between December 2013 and June 2015, the woman received and converted to her own use the Retirement and Survivors Insurance (RSI) benefits intended for her disabled adult sister. The woman spent nearly \$100,000 in just three weeks on personal expenses, casino gambling, and a luxury car purchase. The woman pleaded guilty to representative payee fraud and, in December 2016, she was sentenced to 12 months and one day of incarceration and 3 years' supervised release. She was ordered to pay restitution of \$145,009 to the victim in this case.

### **SON STEALS MOTHER'S BENEFITS**

Based on a referral from the Oklahoma Department of Human Services, Adult Protective Services Unit, our Oklahoma City, Oklahoma office investigated a 48-year-old representative payee. The investigation determined that, from May 2013 through February 2015, the man received and converted to his own use the RSI benefits issued for his mother. The man pleaded guilty to representative payee fraud and, in November 2016, he was sentenced to 27 months in prison and 3 years' supervised release. He was ordered to pay restitution of \$106,161 to SSA.

### **OWNER OF PAYEE ORGANIZATION MISUSES CLIENTS' BENEFITS**

After receiving a referral from the Minneapolis, Minnesota SSA office, our St. Paul, Minnesota office investigated the 44-year-old owner of an organizational representative payee, which provided payee services for over 300 clients. The investigation determined that, from approximately 2005 through September 2014, the man used SSA funds disbursed for his organization's clients to pay his personal and business expenses. The man pleaded guilty to representative payee fraud and, in November 2016, he was sentenced to 27 months in prison and 2 years' supervised release. He was ordered to pay restitution of \$485,383 to SSA.

### **PAYEE CONCEALS HOUSEHOLD INCOME, FRAUDULENTLY RECEIVES BENEFITS**

Based on a referral from the St. Louis Southside, Missouri SSA office, our St. Louis, Missouri office investigated a 52-year-old representative payee. The investigation determined that, from April 2006 through June 2013, the woman concealed that the child for whom she received SSI payments was ineligible due to household income. The woman pleaded guilty to theft of Government funds and, in November 2016, she was sentenced to 5 years' probation, including 3 months of home confinement. She was ordered to pay restitution of \$54,501 to SSA.

## *Employee Fraud*

### **SSA EMPLOYEE INAPPROPRIATELY ACCESSED RECORDS, VIEWED EXPLICIT IMAGES ON GOVERNMENT COMPUTER**

We initiated an investigation of an SSA Claims Specialist, based upon information received from SSA alleging that the employee conducted queries of the SSA database that were not related to an assigned workload. The subsequent investigation found that the employee accessed SSA automated records of people known to the employee without a business reason. The investigation further determined that the employee accessed and stored sexually explicit images on Government equipment. The employee admitted to violating SSA's systems access policies for nearly 15 years and to viewing pornography on a Government computer. We provided the findings of the investigation to SSA and, in November 2016, SSA proposed to suspend the Claims Specialist for 45 days.

### **SSA EMPLOYEE USED BENEFICIARY'S FUNDS TO PAY UTILITY BILL**

We investigated an SSA Teleservice Representative, based upon information received from SSA, which alleged that the employee used the personal banking information of an RSI beneficiary to pay a utility bill. The investigation substantiated the allegation, and the employee admitted to using the beneficiary's banking information to pay a personal utility bill totaling approximately \$300. The employee resigned from SSA in November 2016, after an interview with the OIG.

## *Senior Government Employee Fraud*

### **ADMINISTRATIVE LAW JUDGE CHARGED WITH SEXUAL MISCONDUCT**

We initiated an investigation of an ALJ, upon receipt of an allegation that the ALJ sexually assaulted another employee while in the office. In conjunction with local authorities, the investigative findings to date were presented to the local prosecutor's office and, in March 2017, the ALJ was charged with three counts of misdemeanor criminal sexual misconduct. The investigation is ongoing. The ALJ is no longer with SSA.

### **ADMINISTRATIVE LAW JUDGE CHARGED WITH ACCEPTING A GRATUITY, OBSTRUCTION, STEALING SSA RECORDS**

We initiated an investigation of an ALJ, based upon an allegation that the ALJ had sexual relations with an individual over whose claims hearing the ALJ had presided. The investigation found that the claimant met with the ALJ in the ALJ's chambers seeking assistance in obtaining a retroactive payment and the two subsequently engaged in sexual activity. The investigation also found that the ALJ accessed SSA records without a business purpose to learn more about the claimant and paid another person to steal and destroy the claimant's cell phone in an effort to eliminate record of their contact. In October 2016, the ALJ pleaded guilty to obstruction, gratuity to a public official, and theft of Government property. In March 2017, the ALJ was sentenced to 1 year in prison and ordered to pay a fine of \$4,000.

## *Deceased Payee Fraud*

### **SON FRAUDULENTLY COLLECTS DECEASED FATHER'S RETIREMENT BENEFITS**

Based on a Medicare Non-Utilization Project referral received from the Brenham, Texas SSA office, our San Antonio, Texas office investigated the 58-year-old son of an RSI beneficiary. The investigation determined that, from July 2006 through March 2014, the son received and converted to his own use the RSI benefits intended for his father, who died in July 2006. The man pleaded guilty to theft of Government funds and, in February 2017, he was sentenced to 12 months incarceration and 3 years' supervised release. He was ordered to repay \$28,277 to SSA.

**MAN CONCEALS GRANDMOTHER'S REMAINS, SPENDS HER SSA BENEFITS FOLLOWING HER DEATH**

Acting on a referral from the Bedford County, Virginia Sheriff's Office, our Richmond, Virginia office investigated the 48-year-old grandson of an RSI beneficiary. The investigation determined that, following his grandmother's death in 2015, the man concealed his grandmother's remains and continued to fraudulently receive her RSI benefits. The man pleaded guilty to theft of Government funds and Social Security fraud and, in February 2017, he was sentenced to time served (7 months) and two years' supervised release. He was ordered to repay \$16,500 to SSA.

**WOMAN COLLECTS GRANDMOTHER'S BENEFITS AFTER HER DEATH**

Based on a referral from OA, our Los Angeles, California office investigated the 55-year-old granddaughter of an RSI beneficiary. The investigation determined that, between June 1986 and June 2014, the woman received and converted to her own use the SSA benefits intended for her grandmother, who died in May 1986. The woman pleaded guilty to Social Security fraud and, in January 2017, she was sentenced to 3 years' probation with eight months' home detention. She was ordered to repay \$101,741 to SSA.

**MAN CONTINUES TO COLLECT MOTHER'S BENEFITS FOR OVER 19 YEARS AFTER HER DEATH**

After receiving a referral from the Philadelphia-Germantown, Pennsylvania SSA office, our Philadelphia, Pennsylvania office investigated the 64-year-old son of an RSI beneficiary. The investigation determined that, from February 1997 through July 2016, the man received and converted to his own use the RSI benefits intended for his mother, who died in January 1997. The man pleaded guilty to theft of Government funds and, in January 2017, he was sentenced to 12 months and 1 day of incarceration and 3 years' supervised release. He was ordered to repay \$235,995 to SSA.

**MAN BURIES MOTHER'S REMAINS, CONTINUES SPENDING HER BENEFITS**

Based on a report from the Clay County, Florida Sheriff's Office, our Jacksonville, Florida office investigated the 57-year-old son of an RSI beneficiary. The investigation determined that, following his mother's death in approximately July 2014, the man buried her remains in her yard to conceal the death and continued to receive her RSI benefits and pension benefits. The man pleaded guilty to theft of Government funds and aggravated identity theft and, in January 2017, he was sentenced to 64 months in prison and 3 years' supervised release. He was ordered to repay \$26,948 to SSA and \$6,344 in pension benefits.

**SSN Misuse****WOMAN USES MULTIPLE SSNS TO CONCEAL EARNINGS WHILE RECEIVING DI BENEFITS**

After receiving a referral from the Inkster, Michigan SSA office, our Detroit, Michigan office investigated a 71-year-old former DI and current RSI beneficiary. The investigation confirmed that, from July 2003 through July 2012, the woman concealed her earnings from SSA by using a second SSN while receiving DI benefits for herself and auxiliary benefits for her daughter. The woman pleaded guilty to theft of Government funds and, in February 2017, she was sentenced to time served (1 day) and 3 years' supervised release. She was ordered to repay \$223,853 to SSA.

**WOMAN DEFRAUDS SSA AND HOUSING AUTHORITY USING TWO SSNS**

Based on a referral from the Chicago Housing Authority's OIG, our Chicago, Illinois office investigated a 75-year-old SSI recipient. The investigation determined that the woman used an alias to obtain a second SSN and, from June 1996 through February 2015, she received SSI payments under both identities. The investigation also found that the woman obtained benefits from the Chicago Housing Authority to which she was not entitled. The woman pleaded guilty to theft by deception and, in January 2017, she was sentenced to 30 months' probation. She was ordered to repay \$133,000 to SSA and \$135,000 to the Chicago Housing Authority.

**MAN USES STOLEN IDENTITY TO CONCEAL EMPLOYMENT WHILE COLLECTING DISABILITY BENEFITS**

After receiving a request for assistance from the U.S. Department of State, our Little Rock, Arkansas office investigated a 62-year-old DI beneficiary. The investigation determined that, while receiving DI benefits under his own identity, the man concealed his work and earnings from SSA by utilizing the identity of a deceased individual. During the course of the investigation, the man was also found to have unlawfully possessed firearms. The man pleaded guilty to theft of Government funds, aggravated identity theft, and being a felon in possession of a firearm and, in January 2017, he was sentenced to 77 months in prison and 3 years' supervised release. He was ordered to repay \$259,891 to SSA.

**WOMAN USES MULTIPLE IDENTITIES TO OBTAIN BENEFITS AND U.S. PASSPORT**

Acting on a report received from the Dorchester, Massachusetts SSA office, our Boston, Massachusetts office investigated a 51-year-old SSI recipient. The investigation determined that the woman assumed the identity of her sister and others to fraudulently obtain SSI payments, Massachusetts State benefits, U.S. Passports, and state identification documents. The woman pleaded guilty to theft of Government property, making a false statement on a passport application, and SSN fraud. In December 2016, she was sentenced to 27 months in prison and 3 years' supervised release. She was ordered to repay \$142,122 to SSA and over \$155,000 to multiple Massachusetts State benefits programs.

**MAN ASSUMES ANOTHER PERSON'S IDENTITY FOR OVER 23 YEARS**

Acting on a report received from the Conway, Arkansas SSA office, our Little Rock, Arkansas office investigated a 53-year-old Arkansas man. The investigation determined that, over a 23-year period, the man used the personally identifiable information of another individual to obtain replacement SSN cards, obtain multiple drivers licenses, work, file for bankruptcy, and file insurance claims. The man also filed for DI benefits using the victim's identity; however, based upon the findings of the investigation, the claim was not approved. The man pleaded guilty to making false statements and aggravated identity theft and, in December 2016, he was sentenced to 4 years in prison and 2 years' supervised release.

***Digital Forensics*****WOMAN ALLEGES SEVERE DISABILITY, PARTICIPATES IN HIKING AND BIKING ACTIVITIES**

Based on a report from the Lincoln, Nebraska SSA office, our Omaha, Nebraska office investigated a 51-year-old DI beneficiary. During the course of the investigation, our Digital Forensics Team (DFT) assisted in the execution of a search warrant and seized numerous electronic devices. A subsequent forensic examination identified over 1,700 images of the beneficiary engaging in physical activities, including mountain hikes and biking excursions, contrary to her assertion that she could no longer sit or do physical activities. The woman pleaded guilty to theft of Government funds and, in January 2017, she was sentenced to 2 years' probation, to include 6 months of home detention. She was ordered to repay \$248,908 to SSA.

### **SOCIAL MEDIA POSTS LEAD TO DISCOVERY OF CONCEALED MARRIAGE**

Based on a referral from the Lakeland, Florida SSA office, our Clearwater, Florida office investigated a 50-year-old SSI recipient. The joint investigation with the Florida Department of Financial Services, Division of Public Assistance Fraud, determined that the woman provided false information to SSA and the State of Florida relative to her living arrangements and household income or resources, making her ineligible for SSI and other public assistance. In support of the investigation, the DFT conducted an Internet and Social Media Examination on open source accounts and obtained evidence showing the woman in numerous photos with her husband, to whom she alleged to be estranged, along with comments documenting their love for each other. The woman pleaded guilty to theft of Government funds and, in January 2017, she was sentenced to 5 years' probation. She was ordered to repay \$77,056 to SSA and \$29,993 to the State of Florida. The woman's husband pleaded guilty to making false statements and, in October 2016, he was sentenced to 6 months in prison and 3 years' supervised release. He was ordered to repay \$2,088 to SSA.

### **TRUCK DRIVER CONCEALED BUSINESS, FOUND GUILTY AT TRIAL**

Our Oklahoma City, Oklahoma office investigated a 59-year-old DI beneficiary for allegedly concealing employment as a truck driver. The DFT conducted an Internet and Social Media Examination on open source accounts and obtained photographic and other documentary evidence associating the beneficiary with his long-haul trucking business. In February 2017, the DFT provided testimony in a 2-day Federal trial. The beneficiary and his wife were found guilty of theft of Government property, aiding and abetting, making false statements, and misrepresentation of a material fact. Sentencing is pending.



## Threats and Assaults against SSA Employees

Employee safety is of paramount concern to SSA and OIG. OI shares the responsibility for investigating reports of threats or use of force against Agency employees with the DHS' Federal Protective Service, and with local law enforcement if the activity occurs off federally owned or leased property.

During the reporting period, OIG received 519 allegations nationwide related to employee safety issues, of which 156 involved assault or harassment, and 339 were associated with threats against SSA employees or buildings. We also opened 27 cases and closed 25 cases nationwide related to employee safety. The following case summaries highlight significant SSA employee safety investigations we conducted during this reporting period.

### **DISABILITY APPLICANT ATTEMPTS TO ATTEND HEARING WITH EXPLOSIVE DEVICE IN JACKET**

After receiving a report from DHS, Federal Protective Service, our Salt Lake City, Utah office investigated a 34-year-old DI applicant. The investigation determined that, in November 2015, while attempting to attend his disability claim hearing, the man was found to be in possession of a homemade device containing explosive powder and a fuse. The man pleaded guilty to improper storage of explosive materials and, in December 2016, he was sentenced to time served (73 days).

### **SSI RECIPIENT THREATENS TO KILL SSA EMPLOYEES BECAUSE OF DECREASE IN BENEFITS**

Based on a report received from the Murfreesboro, Tennessee SSA office our Nashville, Tennessee office investigated a 22-year-old SSI recipient. In January 2016, the man telephoned the Murfreesboro SSA office several times regarding a decrease in his SSI payments and made threats to shoot employees. The man pleaded guilty to making threats to a Federal official and, in November 2016, he was sentenced to time already served (10 months) and 3 years' supervised release.

### **DISABILITY BENEFICIARY THREATENS SSA EMPLOYEE AT THE EMPLOYEE'S RESIDENCE**

Based on a report from the Modesto, California SSA office, our Fresno, California office investigated a 32-year-old DI beneficiary. In February 2015, the man placed a letter at an SSA employee's residence demanding that the SSA employee issue a retroactive payment. The letter further threatened the employee with death if he did not do as instructed. The man pleaded guilty to making a threat against a Federal official and, in October 2016, he was sentenced to 20 months in prison and three years' supervised release.

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## Cooperative Disability Investigations Program

The CDI program remains one of our most successful initiatives with SSA, contributing to the integrity of the disability programs. CDI is a joint effort among the OIG, SSA, State DDSs, and State/local law enforcement agencies. The units work to obtain sufficient evidence to identify and resolve issues of fraud and abuse related to initial disability claims and Continuing Disability Reviews (CDR). We established the CDI Program in FY 1998 with units in just five States; currently, the program consists of 39 units covering 33 states, the District of Columbia, and the Commonwealth of Puerto Rico.

### **MAN WORKED AS A MECHANIC AND TOW TRUCK DRIVER WHILE COLLECTING DISABILITY BENEFITS**

The Atlanta, Georgia CDI Unit investigated a 42-year old man receiving DI benefits that were continued after a CDR. The man alleged severe back and leg pain that hinders prolonged sitting and standing. He stated he could not bend or lift more than 10 pounds, required a cane and denied engaging in work activity. The investigation revealed the man was well known at area scrap yards as a mechanic and a tow truck driver for salvage cars. Witnesses at the scrap yards stated that the man worked alone and regularly observed the man driving the tow truck and unloading the vehicles by himself. Approximately 3 years of transaction history was obtained from two different scrap yards, which revealed the man was paid in excess of \$60,000. During an interview with CDI investigators, the man admitted to working as a mechanic for a local auto dealership and hauling vehicles.

Based on the results of the investigation, the Georgia DDS reopened the man's most recent medical decision and ceased his benefits, resulting in SSA savings of \$121,290 and non-SSA savings of \$35,286. SSA posted an overpayment of \$45,594 to the man's record based on his work activity. Further, based upon the false statements, OCIG imposed a CMP of \$5,000.

### **SELF-EMPLOYED COSMETOLOGIST ATTEMPTED TO DEFRAUD SSA**

The Des Moines, Iowa CDI Unit investigated a 28-year-old man who filed for DI and SSI payments, alleging severe physical and mental disabilities. The CDI investigation determined the man was actively pursuing an education and certification in Cosmetology, where he maintained a full-time course schedule and a grade point average of 2.83. A review of social media also confirmed the man worked extensively in his spare time as a self-employed hair stylist.

The results of the investigation were presented to the Des Moines DDS, and the man's benefits were denied, resulting in projected SSA savings of \$47,814 and non-SSA savings of \$61,739. The man also pleaded guilty to failure to disclose information to Social Security and making false statements. He was sentenced to 18 months' imprisonment and 3 years' supervised release.

### **FEDERAL EMPLOYEE CONVICTED FOR FRAUDULENTLY COLLECTING DISABILITY BENEFITS**

The Cleveland, Ohio CDI Unit investigated a 52-year-old woman who was awarded DI in 2004, due to a variety of mental impairments. However, she returned to work in 2005, and quickly exhausted her Trial Work Period. Her benefits were discontinued in 2012. In 2013, while still employed by a Federal agency, the woman filed for an expedited reinstatement of her disability benefits and requested immediate payments due to a dire need of income. During her application period, the woman denied current employment and sent a letter by facsimile, from her employer to the SSA, indicating that she had stopped working in 2012. As a result of the investigation, the woman's request for reinstatement was denied.

The woman pleaded guilty to one count of theft of Government funds. She was sentenced to three months incarceration, ordered to serve 3 years of supervised released, and to repay SSA \$53,650.

#### **FORMER NYC POLICE OFFICER CONVICTED OF SSA FRAUD**

As part of Operation Recoil, the New York CDI Unit investigated a 59-year-old former New York City Police Department Sergeant who was receiving DI due to a shoulder injury, depression, and severe anxiety. CDI investigators determined that, in 1995, the man submitted a fraudulent initial application for DI with the assistance of a third-party facilitator. The investigation also found the man was employed in various positions with different employers since 1995, he failed to notify SSA that his medical condition improved, and he returned to work.

The man pleaded guilty to theft of Government funds and was sentenced to three months in prison and one year supervised release, and he was ordered to repay SSA \$622,843.

#### **MAN OPERATES AUTO-DETAILING BUSINESS WHILE COLLECTING SSI DISABILITY**

The Washington D.C. CDI Unit investigated a 52-year-old man who was receiving SSI due to his inability to stand without utilizing a cane, constant pain in his arms, and difficulty concentrating and remembering. The investigation revealed the man owned and operated a mobile detailing business. The CDI investigator captured the man on video cleaning vehicles without the assistance of any medical mobility devices. Several witnesses were interviewed and confirmed that, since 2013, the man provided detailing services as a subcontractor for an auto dealership and was paid between \$30 to \$75 per vehicle. The man admitted during an interview, to owning a mobile detailing business and acknowledged he failed to notify SSA of his work activity. Based on the results of the investigation, the Washington D.C. DDS ceased the man's SSI payments. This cessation resulting in an overpayment of \$10,916, an SSA savings of \$45,276, and a non-SSA savings of \$42,636.

The following table highlights the successes of the CDI program, which yielded more than \$120 million in SSA program savings during this reporting period.

**CDI Program Results**  
October 1, 2016 – March 31, 2017

State	Claims Denied/Ceased	Judicial Actions <sup>1</sup>	SSA Savings <sup>2</sup>	Non-SSA Savings <sup>3</sup>	SSA Recoveries <sup>4</sup>
Alabama	10	0	559,108	465,433	21,380
Arizona	50	1	3,080,746	3,166,163	107,159
Arkansas	65	0	377,648	339,789	0
California <sup>5</sup>	315	5	16,745,658	23,797,366	274,460
Colorado	45	0	2,326,400	2,742,166	0
District of Columbia <sup>6</sup>	8	0	352,785	578,126	43,587
Florida <sup>7</sup>	129	3	6,652,862	7,537,236	65,000
Georgia	78	3	4,367,558	4,108,427	144,889
Illinois	48	0	2,353,733	2,236,211	159,560
Iowa	71	2	3,855,781	4,400,874	143,584
Kansas	24	1	1,302,964	1,702,610	69,653
Kentucky	32	0	1,526,119	1,767,367	0
Louisiana	51	1	2,579,417	2,914,747	5,000
Maryland	12	0	960,886	769,481	0
Massachusetts	21	0	1,071,979	1,392,344	4,960
Michigan	39	2	2,194,919	2,843,536	419,000
Minnesota	18	0	1,105,147	1,757,592	70,210

State	Claims Denied/Ceased	Judicial Actions <sup>1</sup>	SSA Savings <sup>2</sup>	Non-SSA Savings <sup>3</sup>	SSA Recoveries <sup>4</sup>
Mississippi	53	1	\$2,894,137	\$2,693,006	\$20,000
Missouri <sup>8</sup>	108	11	\$6,373,808	\$7,086,857	\$442,339
New York	39	7	\$2,256,080	\$3,342,717	\$746,908
North Carolina	51	0	\$3,279,849	\$3,157,684	\$107,407
Ohio	124	2	\$6,198,096	\$10,733,693	\$129,526
Oklahoma	63	0	\$3,340,812	\$3,230,447	\$0
Oregon	158	2	\$8,215,357	\$10,166,843	\$40,000
Puerto Rico	21	2	\$1,638,517	\$829,937	\$298,985
Rhode Island	9	0	\$451,714	\$433,276	\$121,325
South Carolina	172	0	\$9,217,031	\$9,939,798	\$25,663
South Dakota <sup>9</sup>	0	0	\$0	\$0	\$0
Tennessee	8	0	\$434,478	\$230,667	\$11,363
Texas <sup>10</sup>	77	0	\$3,868,363	\$5,362,732	\$12,950
Utah	91	1	\$4,996,720	\$5,369,318	\$12,614
Virginia	118	0	\$6,457,468	\$7,812,296	\$0
Washington	75	1	\$3,892,867	\$4,559,189	\$137,081
West Virginia	28	0	\$1,405,701	\$1,645,997	\$44,069
Wisconsin	9	0	\$836,332	\$642,641	\$38,8004
<b>(10/1/16-3/31/17)</b>	<b>2,220</b>	<b>45</b>	<b>\$120,569,873</b>	<b>\$142,814,671</b>	<b>\$3,717,476</b>

<sup>1</sup> Judicial Actions include Sentencings, Pre-Trial Diversions, Civil Settlements, and CMPs

<sup>2</sup> CDI-related SSA program savings are calculated using a variable method that considers the type of program involved, and factors that account for nationwide denial/cessation rates.

<sup>3</sup> Non-SSA Savings are projected over 60 months whenever another Governmental program withholds benefits because of a CDI investigation, using estimated or actual benefit amounts documented by the responsible agency.

<sup>4</sup> SSA Recoveries include SSA recoveries, restitution, fines, settlements and judgments. Although this data is included in the reported OIG monetary accomplishments, the amount attributable to CDI was not previously included in this chart.

<sup>5</sup> California has two units, one in Los Angeles and the other in Oakland.

<sup>6</sup> The District of Columbia CDI Unit has been operational for less than 1 year.

<sup>7</sup> Florida has two units, one in Tampa and the other in Miami.

<sup>8</sup> Missouri has two units, one in Kansas City and the other in St. Louis.

<sup>9</sup> The Sioux Falls, South Dakota CDI Unit has been operational for less than 1 year.

<sup>10</sup> Texas has two units, one in Dallas and the other in Houston.

## LEGAL

During the reporting period, OIG attorneys provided legal guidance on all aspects of the OIG mission. OIG attorneys provided formal and informal guidance, legal opinions, and reviews of audit and investigative reports to the Office of Audit, Office of Investigations, and legislative liaison team. They also maintained an attorney-on-call phone line to timely respond to employee questions and concerns. OIG attorneys timely evaluated 483 subpoenas and assessed 35 *Freedom of Information Act* requests for OIG records to ensure legal sufficiency, accuracy, and consistency.

Further, OIG attorneys reviewed and commented on numerous legislative proposals through SSA requests and participation in the CIGIE Legislative Committee. They additionally maintained principal roles with CIGIE working groups to draft IG community wide guidance to facilitate the implementation of the *Inspector General Empowerment Act* amendments to the *Inspector General Act*.

### Section 1140 Enforcement

We innovatively and effectively protect consumers under Section 1140 of the *Social Security Act*. Section 1140 establishes two broad prohibited activities:

- Prohibits people and companies from misleading consumers by giving a false impression of association with or endorsement by SSA when the people and companies advertise, solicit services, or otherwise communicate with the public. (Prohibited communications can take many forms, including mailed, emailed and televised advertisements, internet websites, social media, personally targeted advertisements, mobile apps, and text messages.)
- Prohibits reproducing and selling Social Security publications and forms without authorization, as well as charging for services SSA provides free.

The *Bipartisan Budget Act of 2015* authorizes inflation adjustments of penalty amounts. We have the authority to impose CMPs up to \$10,055 for each violative communication and up to \$50,276 if the violation is a broadcast or telecast.

### Section 1140 Outreach/Early Intervention

We continually educate the public about recognizing and avoiding scams, and we work with other Government agencies and the private sector to develop innovative approaches to combat Section 1140 violations. During this period, we continued our emphasis on early intervention initiatives that focus on increasing efficiencies in detection and initiation of Section 1140 action. Early intervention has the benefit of minimizing harm to the public and SSA's reputation, while also allowing violating individuals and entities the opportunity to bring their operations into compliance with Section 1140 before facing more substantial penalties and other business-related costs. We prospectively identify, contact, and educate potentially violative website operators about Section 1140—often before the websites become operational.

Also, during the reporting period, a major technology company, through a cooperative effort with OIG's Section 1140 Consumer Protection Outreach Program, began providing a Social Security public service notice on its internet search engine. Consumers conducting certain Social Security related Internet

searches are provided a notice that includes a link to SSA's official website, which encourages the consumer to inquire about services that SSA provides at no cost. This program will help to protect consumers from mistakenly landing on unofficial Social Security websites and paying for services that could have been obtained free from SSA, and/or disclosing personal information under the mistaken belief that the consumer is at SSA's official website.

## Section 1140 Case Highlight

### FINANCIAL SERVICES COMPANY ADDRESSES SECTION 1140 COMPLIANCE CONCERNS

A financial services company and OIG reached an agreement to resolve the government's assertion that the company violated Section 1140 by disseminating solicitations inviting individuals to attend seminars that contained images resembling Social Security cards and other language and symbols the OIG contends are protected under the Act. OIG asserted that the company's actions conveyed, or could be interpreted or construed as conveying, the false impression that the company was approved, endorsed, or authorized by SSA, or that the owner had some connection with, or authorization from SSA, in violation of the Act.

OIG acknowledges and appreciates that the company fully cooperated with OIG's Section 1140 inquiry and immediately and voluntarily discontinued the actions that OIG asserted violated Section 1140. Without admitting that it violated the law, the company agreed to pay a \$15,000 civil penalty.

SECTION 1140	
	10/1/16–3/31/17
<b>Cases Evaluated</b>	<b>21</b>
<b>Cases Closed – No Violation of Section 1140</b>	<b>13</b>
<b>Early Intervention/Educational Efforts</b>	<b>57</b>
<b>Cases Successfully Resolved</b> <i>(Shutdown Violative Operation, Voluntary Compliance and/or Settlement Agreement)</i>	<b>8</b>
<b>Penalties Imposed</b>	<b>\$15,000</b>

## Section 1129 Enforcement

SSA programs are a critical safety net, providing retirement, disability, and survivor's benefits to those who are eligible to receive them. The OIG is responsible for maintaining the integrity of Social Security programs by enforcing laws related to fraud, waste and abuse. One way we protect taxpayer dollars is through CMPs.

Our CMP program, which targets violations of Section 1129 of the *Social Security Act*, maximizes available resources, and creates a positive return on investment. Section 1129 authorizes a CMP against:

- Anyone who makes any false statements or representations to obtain or retain benefits or payments under Titles II, VIII, or XVI of the *Social Security Act*.
- Representative payees for wrongful conversion of payments, or against individuals who knowingly withhold a material fact from SSA.

A CMP consists of penalties of up to \$7,954 for each false statement, representation, conversion, or omission and an assessment, in lieu of damages, of up to twice the amount of any resulting overpayment. When the OIG investigation finds fraud, we refer the matter to DOJ for possible criminal prosecution. If DOJ declines to prosecute, we are authorized to impose CMPs against wrongdoers and settle matters after due process measures.

We are committed to ensuring that our Section 1129 CMP process is effectively addressing wrongdoing in cases where criminal prosecution has been declined. Among our accomplishments this period, we assessed 1,179 cases referred from the Office of Investigations, opened 143 CMP cases, successfully resolved 86 cases, and imposed almost \$4 million in assessments and penalties in CMPs.

## Section 1129 Case Highlights

Section 1129 cases fall within several general categories: deceased payees; false statements and/or omissions regarding material changes to a claimant's living arrangements, identity, disabilities, income, and/or resources; and representative payee conversion.

### *Deceased Payee Cases*

#### **LAS VEGAS MAN WITHDRAWS RETIREMENT BENEFITS FROM BENEFICIARY'S BANK ACCOUNT AFTER HER DEATH**

A Las Vegas man undertook fraudulent actions to secure the RSI benefits of an acquaintance after her death. An investigation revealed that he falsely represented that the deceased was alive and eligible for RSI by withdrawing \$30,919 in benefits from her bank account between March 2012 and June 2014. He requested a hearing before an ALJ that was dismissed for abandonment. We imposed an assessment of \$30,919 and a penalty of \$52,000, for a total CMP of \$82,919.

#### **NEW YORK WOMAN WITHDREW AND USED DECEASED MOTHER'S SOCIAL SECURITY BENEFITS**

A daughter failed to notify SSA that her mother, who received survivor's benefits, passed away, and the daughter continued to withdraw the Social Security benefits that were direct-deposited into her mother's account for two years. By withdrawing the money from her mother's account, she represented to SSA that her



mother was alive and entitled to benefits. We settled the case for an assessment of \$25,070 and a penalty of \$5,000, for a total CMP of \$30,070.

### *False Statement and/or Omissions*

#### **CALIFORNIA WOMAN FAILS TO REPORT LIVING OUTSIDE THE U.S.**

A woman failed to notify SSA that she resided in Lebanon for over eight years while receiving SSI payments. On numerous SSA forms, she falsely stated that she was living in the United States when she knew that she needed to report that she resided outside of the United States for 30 days or more. As a result, the subject wrongfully received SSI payments from June 2006 through July 2014. She failed to report her travel accurately to facilitate the continued, improper receipt of SSI payments. We imposed an assessment of \$66,332 and a penalty of \$60,000, for a total CMP of \$126,332.

#### **ALABAMA WOMAN CONCEALS LIVING ARRANGEMENTS AND INCOME**

A woman concealed the fact that she was living with her husband from the time of her SSI application because she knew her husband's income would make her ineligible for SSI payments. On multiple SSI Redetermination forms, she falsely stated that she did not reside with her husband. When her husband died, she visited SSA to apply for the lump sum death benefit and survivors benefits. At that time, she finally admitted that she had always lived with her husband who had a considerable income. Due to her failure to report her true living arrangements and household income, she wrongfully received \$53,303 in SSI from August 2006 through January 2014. We imposed an assessment of \$53,303 and a penalty of \$50,000, for a total CMP of \$103,303.

#### **FLORIDA MAN LIES ABOUT HIS DISABILITY AND CONCEALS WORK ACTIVITY**

A Florida man applied for disability benefits in December 2010, claiming he was unable to work after falling off a ladder in April 2010. In truth, the man had returned to work in June 2010. During the disability application and appeals process, he continued to assert he was not working, and had not worked since April 2010. He made numerous false statements to SSA and even lied to an ALJ under oath at his 2012 disability hearing. We imposed an assessment of \$56,101 and a penalty of \$50,000, for a total CMP is \$106,101.

#### **OHIO WOMAN MISREPRESENTS SON'S LIVING ARRANGEMENTS TO SECURE SSI ON HIS BEHALF**

An Ohio woman represented that she and her son lived alone when she applied for SSI payments on his behalf. An investigation revealed that she purposely failed to disclose that her son's father owned the home in which the three lived together in order for her son to be deemed eligible for SSI. Due to her fraudulent actions, she wrongfully received \$20,988 on her son's behalf, to which he was not entitled, from December 2011 through October 2015. We imposed an assessment of \$20,988 and a penalty of \$25,000, for a total CMP of \$45,988.

#### **VIRGINIA WOMAN FRAUDULENTLY FILES FOR SURVIVOR'S BENEFITS**

Upon her husband's death, a Virginia woman filed for survivor's benefits for her daughter and herself. At the time of filing, the woman simultaneously filed a child support petition against the true biological father. The actual biological father notified the agency of the proceedings and his order to pay child support. Due to the woman's fraudulent behavior, from July 2012 through June 2014, she wrongfully received a total of \$19,866 in survivor's benefits. We imposed an assessment of \$19,866 and a penalty of \$35,000, for a total CMP of \$54,866.

**Representative Payee Conversion**

**MISSISSIPPI MAN CONVERTED HIS SON'S SOCIAL SECURITY BENEFITS TO HIS OWN USE**

While acting as his son's representative payee, a Mississippi man converted his son's SSI payments for his own benefit. His fraudulent behavior resulted in the wrongful conversion of \$49,752 in SSI from October 2007 through April 2015. We imposed an assessment of \$49,752 and a penalty of \$50,000, for a total CMP of \$99,752.

SECTION 1129	
	10/1/16–3/31/17
Cases Evaluated	1,179
Cases Accepted for CMP	143
Cases Successfully Resolved (imposed penalty through settlement, default of judicial order)	86
Assessments & Penalties Imposed	\$3,972,000
Hearings Requested	11
Cases Referred to SSA for Administration Sanctions	286

**Leadership in IG Community Working Groups**

The December 2016 passage of the *Inspector General Empowerment Act* (IGEA) resulted in significant amendments to the *Inspection General Act*, which provided inspectors general with exemptions from the procedural requirements of computer matching and privacy protection provisions of the *Privacy Act* and the *Paperwork Reduction Act* (PRA). The IGEA also imposed new detailed semiannual and other reporting requirements upon inspectors general. Our attorneys assisted in leading OIG-community work group efforts to foster timely and appropriate implementation of the IGEA amendments, by:

- Developing detailed implementation guidance for the revised semiannual reporting requirements.
- Formulating an overview of the IGEA computer-matching exemption, which highlights important considerations in planning for use of the exemption.
- Preparing a computer-matching proposal, to document review and approval of proposed matching activities, developing separate guidance on data-use agreements, and preparing a sample Data Use Agreement template for OIG community use.
- Participating in the PRA work group to develop best practices for collection of data as permitted.

## SUPPORT

### Budget

As of this reporting period, we have not yet received an annual appropriation. For FY 2017, we are operating under a Continuing Resolution, which limits spending to our FY 2016 funding level of \$105.5 million. This level of full-year funding supports a potential staffing level of 523. Salaries and benefits of our employees account for 87 percent of overall spending. The remaining 13 percent provides for basic infrastructure needs such as rent, reimbursable work authorizations, fleet, and interagency service agreements, as well as necessary expenses for travel, training, communications, and general procurement. In support of the Office of Management and Budget (OMB) mandate to reduce the Federal footprint and associated costs, we conducted a thorough analysis of our office space needs. As a result, we created a plan to reduce the footprint of several offices over the next 5 years. Going forward, the cost savings in rent will allow us to support other initiatives within our organization. We expend our appropriation each year supporting our responsibility to achieve the goals set forth in the [OIG Strategic Plan for Fiscal Years 2016-2020](#). In addition, the goals and accomplishments measured in the OIG Strategic Plan are published in SSA's Annual Congressional Budget Justification.

### Human Resource Planning and Management

The OIG actively pursues and works to retain our best employees. We focus on creating a culture to ensure smart recruitment, tailored internal training, effective leadership-transition efforts, and reciprocal developmental programs. During this reporting period, we continued to offer a series of professional development opportunities in the form of competitive temporary assignments to use knowledge-transfer practices, bridge knowledge gaps, and drive innovation for organizational performance improvement. In addition, we expanded our internal OIG Mentor Program, by adding a requirement that all new hires are assigned a mentor. Specifically, the program is designed to ensure that every new hire is assigned a more experienced staff member in furtherance of his or her own professional career development.

### Information Technology

OIG IT specialists continued their efforts to update and improve our systems environment. We initiated upgrades to our current hardware and software infrastructure that houses our National Investigative Case Management System (NICMS) and Business Process Management applications. We continued efforts to develop a NICMS replacement called the Investigative Case Management system that utilizes an updated software platform and operates in a cloud environment. Further, we plan to upgrade our Lines of Business to operate in a cloud environment. These upgrades will provide better redundancy and failover support.

Our IT staff analyzes industry trends to identify new technologies that may enhance our business processes. During this period, we continued to expand the use of virtual technologies by moving our headquarters print server process to a virtual environment. This move provides our users a more efficient and self-service facility for printing business documents. Finally, our IT specialists continue to meet the challenge of providing various IT support services for more than 70 OIG offices throughout the country.

## Allegation Management and Fugitive Enforcement Division

The OIG's Allegation Management and Fugitive Enforcement Division (AMFED) manages the Social Security Fraud Hotline, which during this reporting period, received 47,819 allegations via telephone, mail, fax, and the internet. Hotline referrals to SSA offices resulted in the identification of \$1,347,023 in Social Security overpayments. The following is a notable investigation from the past 6 months that resulted from a Hotline referral:

- The Fraud Hotline received an anonymous internet allegation alleging that a Jacksonville, Florida man was operating a profitable handyman business under the SSN of his son and improperly receiving Social Security disability benefits while working. An OIG investigation determined that the man had repeatedly concealed his work and earnings. Subsequently, the man was arrested and charged with theft of Government funds. He was sentenced to 18 months imprisonment and 3 years' probation. He was also ordered to pay restitution of \$236,682.

AMFED also manages the OIG's Fugitive Felon Enforcement Program, which identified 69,177 beneficiaries or recipients during this reporting period who had outstanding felony arrest warrants or outstanding warrants for parole and probation violations. We share location information for wanted felons or parole/probation violators with local law enforcement agencies to help with apprehending these individuals. The following is one example of our efforts:

- OIG agents and members of the U.S. Marshals Service's New York/New Jersey Regional Fugitive Task Force arrested an SSI recipient. The SSI recipient was wanted on a warrant for Failure to Register as a Sex Offender dated September 26, 2016. The SSI recipient self-deported after being convicted and incarcerated for two separate sex offenses, which allowed him to return to the United States at a later date. After his return to the United States, he failed to register as a sex offender as required. The felony warrant was issued by the Southern District of New York U.S. Attorney's office.

## Outreach

During the reporting period, the Acting Inspector General testified before the House Ways and Means Subcommittees on Social Security and Oversight in a two-part hearing series on SSA's representative payee program. The hearings reviewed how SSA determines if a Social Security beneficiary needs a payee, and how SSA selects payees and monitors payee performance. The Acting IG reviewed OIG's audit reviews of SSA's administration of the representative payee program and detailed the OIG's investigations of representative payee fraud and misuse. The Acting IG also testified before the House Appropriations Subcommittee on Labor, Health and Human Services, Education and Related Agencies on IG views of Agency management challenges. She outlined three priority challenges for SSA: modernizing IT infrastructure, improving customer service, and strengthening program integrity.

Finally, the OIG participated in a public forum hosted by the Social Security Advisory Board in Washington, to discuss the future of SSA's representative payee program. SSA executives, members of the representative payee program community, and Congressional and other Government agency staffers attended the event.

**Reporting Requirements &  
Appendices**

## REPORTING REQUIREMENTS

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

Section	Requirement	Page(s)
Section 4(a)(2)	Review of legislation and regulations	p. 86
Section 5(a)(1)	Significant problems, abuses, and deficiencies	p. 11, p. 19
Section 5(a)(2)	Recommendations concerning significant problems, abuses, and deficiencies	p. 11
Section 5(a)(3)	Recommendations described in previous Semiannual Reports on which corrective actions are incomplete	Appendix F & G
Section 5(a)(4)	Matters referred to prospective authorities and the prosecutions and convictions that have resulted	p. 15, p. 19
Section 5(a)(5) & Section 6(b)(2)	Summary of instances where information was refused	N/A
Section 5(a)(6)	List of audits	Appendix B
Section 5(a)(7)	Summary of significant reports	p. 11
Section 5(a)(8)	Table showing the total number of audit reports and total dollar value of questioned costs	Appendix A & B
Section 5(a)(9)	Table showing the total number of audit reports and total dollar value of funds put to better use	Appendix A & B
Section 5(a)(10)	Audit recommendations more than 6 months old for which no management decision has been made	Appendix A & B
Section 5(a)(11)	Significant management decisions that were revised during the reporting period	N/A

Section 5(a)(10)	Table showing each audit report, inspection reports, and evaluation reports issued before the reporting period with unimplemented recommendations	Appendix H
Section 5(a)(12)	Significant management decisions with which the Inspector General disagrees	Appendix D
Section 5(a)(17)(18)	Table showing total number of investigative reports issued	p. 17
Section 5(a)(19)	Detailed report on each investigation involving a senior Government employee where allegations of misconduct were substantiated	p. 21
Section 5(a)(20)	Detailed description of any instances of whistleblower retaliation	Appendix L
Section 5(a)(21)	Description of any attempt by the establishment to interfere with the independence of the OIG	Appendix M
Section 5(a)(22)	Description of any audits or investigations that were not disclosed to the public	Appendix I

## APPENDIX A: RESOLVING AUDIT RECOMMENDATIONS

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

<b>Reports with Questioned Costs for the Reporting Period October 1, 2016 – March 31, 2017</b>			
	<b>Number</b>	<b>Value Questioned</b>	<b>Value Unsupported</b>
A. For which no management decision had been made by the commencement of the reporting period.	46	\$5,934,744,175	\$384,582
B. Which were issued during the reporting period.	4 <sup>a</sup>	\$664,938,834	\$0
Subtotal (A + B)	50	\$6,599,683,009	\$384,582
Less:			
C. For which a management decision was made during the reporting period.			
i. Dollar value of disallowed costs.	20 <sup>b,c</sup>	\$2,412,888,216	\$0
ii. Dollar value of costs not disallowed.	6 <sup>b,c</sup>	\$2,280,519,467	\$0
D. For which no management decision had been made by the end of the reporting period.	34 <sup>b</sup>	\$1,906,275,326	\$384,582

- <sup>a</sup> See Reports with Questioned Costs in Appendix B of this report.
- <sup>b</sup> Some reports have multiple monetary recommendations and are accounted for as follows: Three reports each have one recommendation reflected in section Ci and the other is reflected in section D. Two reports each have one recommendation reflected in section Ci and the other is reflected in Cii. One report has two recommendations reflected in section Ci and the other is reflected in D. One report has three recommendations; two recommendations are split between sections Ci and Cii and the other is reflected in section D.
- <sup>c</sup> Two reports each have one recommendation split between sections Ci and Cii.



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

<b>Reports with Funds Put to Better Use for the Reporting Period October 1, 2016 – March 31, 2017</b>		
	<b>Number</b>	<b>Dollar Value</b>
A. For which no management decision had been made by the commencement of the reporting period.	27	\$9,334,852,309
B. Which were issued during the reporting period.	4 <sup>a</sup>	\$712,086,197
Subtotal (A + B)	31	\$10,046,938,506
Less:		
C. For which a management decision was made during the reporting period.		
i. Dollar value of recommendations that were agreed to by management.	3	\$29,941,847
(a) Based on proposed management action.	3	\$29,941,847
(b) Based on proposed legislative action.	0	\$0
ii. Dollar value of costs not agreed to by management.	2	\$275,098,853
Subtotal (i + ii)	5	\$305,040,700
D. For which no management decision had been made by the end of the reporting period.	27 <sup>b</sup>	\$9,741,897,806

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

b. One report has one recommendation reflected in section Ci and the other is reflected in section D.

## APPENDIX B: REPORTS ISSUED

<b>Reports with Non-Monetary Findings</b> <b>October 1, 2016 – March 31, 2017</b>		
<b>Audit Number</b>	<b>Report</b>	<b>Issue Date</b>
A-15-17-50148	Digital Accountability and Transparency Act Readiness	10/21/2016
A-14-17-50151	The Social Security Administration's Compliance with the Federal Information Security Modernization Act of 2014 for Fiscal Year 2016 (Limited Distribution)	11/8/2016
A-02-17-50240	Fiscal Year 2016 Inspector General Statement on the Social Security Administration's Major Management and Performance Challenges	11/9/2016
A-15-17-50155	The Social Security Administration's Financial Report for Fiscal Year 2016	11/9/2016
A-14-17-50174	Congressional Response Report: Progress in Developing the Disability Case Processing System as of November 2016	12/2/2016
A-04-17-50216	Customer Waiting Times in the Social Security Administration's Field Offices	12/5/2016
A-09-17-50205	Disabled Beneficiaries Receiving Direct Payments Who Previously Had a Representative Payee	12/12/2016
A-15-17-50185	The Social Security Administration's Reporting of High-dollar Overpayments Under Executive Order 13520 in Fiscal Year 2016	12/23/2016
A-03-16-24028	Improper Use of Elderly Individuals' Social Security Numbers	1/3/2017
A-13-17-50231	Fiscal Year 2016 Risk Assessment of the Social Security Administration's Charge Card Programs	1/26/2017
A-01-17-50222	Congressional Response Report: Disability Applications Denied Because of Claimants' Ability to Work	3/7/2017
A-06-16-50026	Administrative Leave Used for Extended Absences	3/9/2017
A-04-16-50111	The Social Security Administration's National Remittance Process	3/14/2017

A-12-16-50106	Oversight of Administrative Law Judge Decisional Quality	3/14/2017
A-77-17-00001	Single Audit of the State of Utah for the Fiscal Year Ended June 30, 2016	3/17/2017

<b>Reports with Questioned Costs October 1, 2016 – March 31, 2017</b>			
<b>Audit Number</b>	<b>Issue Date</b>	<b>Report</b>	<b>Dollar Amount</b>
A-01-15-35040	1/6/2017	Bank Balances and Account Information for Supplemental Security Income Recipients	\$1,442
A-07-16-50081	1/6/2017	Individuals Who Have Multiple Overpayments Caused by Failure to Report Earnings	\$624,737,200
A-01-16-50060	2/14/17	Supplemental Security Income Disability Applications Pending Longer Than 1 Year at the Social Security Administration	\$13,890
A-09-17-50200	2/24/2017	Beneficiaries Whose Payments Have Been Suspended for No Child in Care and Who Are Serving as Representative Payees for Children	\$40,186,302
<b>Total</b>			<b>\$664,938,834</b>

<b>Reports with Funds Put to Better Use October 1, 2016 – March 31, 2017</b>			
<b>Audit Number</b>	<b>Issue Date</b>	<b>Report</b>	<b>Dollar Amount</b>
A-01-15-35040	1/6/2017	Bank Balances and Account Information for Supplemental Security Income Recipients	\$1,020,860
A-12-15-50015	2/7/2017	Pre-effectuation Reviews of Favorable Hearing Decisions	\$121,000,000
A-09-14-34120	2/15/2017	Active Representative Payees Who Are Not in the Social Security Administration's Electronic Representative Payee System	\$217,937,085
A-09-16-50159	2/17/2017	Individual Representative Payees Who Do Not Have a Social Security Number in the Social Security Administration's Payment Records	\$372,128,252
<b>Total</b>			<b>\$712,086,197</b>

## APPENDIX C: REPORTING REQUIREMENTS UNDER THE OMNIBUS CONSOLIDATED APPROPRIATIONS ACT OF FISCAL YEAR 1997

To meet the requirements of the Omnibus Consolidated Appropriations Act of 1997, P.L. 104-208, we are providing requisite data for FY 2017 from the Offices of Investigations and Audit in this report.

### OFFICE OF INVESTIGATIONS

We are reporting over \$63 million in monetary accomplishments because of our investigations during this reporting period (10/1/16 – 3/31/17). These funds are broken down in the table below.

	10/1/16 – 3/31/17
Court-Ordered Restitution	\$36,161,145
Recoveries	\$24,892,663
Fines	\$1,865,458
Settlement/Judgments	\$1,046,481
<b>TOTAL</b>	<b>\$63,965,747</b>

### OFFICE OF AUDIT

SSA management informed us that the Agency has completed implementing recommendations from 7 audit reports during this period valued at over \$115 million.

**MANAGEMENT ADVISORY REPORT: SUPPLEMENTAL SECURITY INCOME PAYMENTS TO MULTI-RECIPIENT HOUSEHOLDS (A-06-09-29149, 8/7/12)**

We recommended SSA consider the viability of a legislative proposal to extend payment limits currently in effect only for married couples to other multi-recipient households. The implemented value of this recommendation is \$62,563,749.

**CONCURRENT BENEFICIARIES WHO DID NOT HAVE SUPPLEMENTAL INCOME DATA ON THEIR MASTER BENEFICIARY RECORDS (A-06-14-14097, 5/29/15)**

We recommended that SSA establish the Supplemental Income Data line on the 592 beneficiaries' Master Beneficiary Records (MBR). The implemented value of this recommendation is \$222,118.

**SUPPLEMENTAL SECURITY INCOME RECIPIENTS ELIGIBLE FOR, OR RECEIVING, PENSIONS FROM CHINA (A-01-16-50011, 6/9/16)**

We recommended SSA follow up on the cases in our sample in which the recipients are receiving or potentially eligible for pensions from China and take appropriate corrective action. The implemented value of this recommendation is \$24,831,232.

**PAYMENTS TO INDIVIDUALS INCARCERATED IN TEXAS DEPARTMENT OF CRIMINAL JUSTICE FACILITIES (A-06-15-50017, 8/9/16)**

We recommended that SSA determine the feasibility of periodically performing similar data matches with other States with large prisoner populations to identify additional prisoners improperly receiving payments. The implemented value of this recommendation is \$1,377,341.

**BENEFICIARIES SERVING AS REPRESENTATIVE PAYEES WHO HAVE A REPRESENTATIVE PAYEE (A-09-16-50109, 8/10/16)**

We recommended that SSA take appropriate action for the one incapable beneficiary serving as representative payee, as identified by our audit. The implemented value of this recommendation is \$17,425.

**ACCURACY OF THE SOCIAL SECURITY ADMINISTRATION'S MANUAL BILLING PROCESS TO COLLECT MEDICARE PREMIUMS (A-07-16-50135 [RECOMMENDATIONS 1 AND 2], 9/23/16)**

We recommended that SSA review the 143 cases we identified with calculation or payment errors and take necessary corrective actions. The implemented value of this recommendation is \$91,593.

For the remaining beneficiaries in our population, we recommended that SSA instruct employees to address existing calculation and payment errors during the FY 2017 Medicare premium workload review. The implemented value of this recommendation is \$25,166,454.

**BANK BALANCES AND ACCOUNT INFORMATION FOR SUPPLEMENTAL SECURITY INCOME RECIPIENTS (A-01-15-35040, 1/6/17)**

We recommended that SSA take corrective action on the 13 sample cases with incorrect bank account titles. The implemented value of this recommendation is \$1,020,860.

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

Nothing to report.



## APPENDIX E: COLLECTIONS FROM INVESTIGATIONS AND AUDITS

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

### OFFICE OF INVESTIGATIONS

Total Restitution Reported by the Department of Justice as Collected for the Social Security Administration			
Fiscal Year	Total Number of Individuals Assigned Court-Ordered Restitution	Court-Ordered Restitution for This Period	Total Restitution Collected by the Department of Justice
2015	589	\$45,984,533	\$5,805,856 <sup>1</sup>
2016	538	\$63,551,781	\$11,295,153 <sup>1</sup>
2017 (10/1/16-3/31/17)	210	\$33,691,069	See Footnote <sup>2</sup>
<b>TOTAL</b>	<b>1,337</b>	<b>\$143,227,383</b>	<b>\$17,101,009</b>

<sup>1</sup> This includes the amount collected by the Department of Justice (DOJ) for a portion of the FY. DOJ is working to generate reports that will provide us with the remaining amount.

<sup>2</sup> DOJ is working to generate reports that will provide us with this information.

Recovery Actions Based on Investigations by the Office of Investigations		
Fiscal Year	Total Number of Recovery Actions Initiated	Amount for Recovery
2015	3,296	\$162,779,626
2016	1,271	\$52,583,104
2017 (10/1/16-3/31/17)	591	\$24,892,663
<b>TOTAL</b>	<b>5,158</b>	<b>\$240,255,393</b>

**OFFICE OF AUDIT**

The following chart summarizes SSA's responses to our recommendations for the recovery or redirection of questioned and unsupported costs. We prepared this information in coordination with SSA's management officials, and it was current as of March 31, 2017.

<b>SSA's Responses to the OIG's Recommendations Recovery or Redirection of Questioned and Unsupported Costs<sup>1</sup></b>						
<b>Fiscal Year</b>	<b>Reports with Questioned Costs</b>	<b>Questioned/Unsupported Costs</b>	<b>Management Concurrence</b>	<b>Amount Collected or to be Recovered</b>	<b>Amount Written-Off/Adjustments</b>	<b>Balance<sup>2</sup></b>
2015	21	\$4,142,508,569	\$1,637,031,583	\$3,458,659	\$3,787,432,462	\$351,617,448
2016	24	\$981,976,425	\$280,743,605	\$123,046,309	\$282,661,862	\$576,268,254
2017	4	\$664,938,834	\$624,752,532	\$15,332	\$624,737,200	\$40,186,302
<b>Total</b>	<b>49</b>	<b>\$5,789,423,828</b>	<b>\$2,542,527,720</b>	<b>\$126,520,300</b>	<b>\$4,694,831,524</b>	<b>\$968,072,004</b>

<sup>1</sup> The amounts in the table regarding collections, recoveries, and write-offs/adjustments were not verified by the OIG.

<sup>2</sup> Balance = Questioned/Unsupported Costs - Amount Collected or to be Recovered - Amount Written-Off/Adjustments.

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

### OLD-AGE, SURVIVORS AND DISABILITY INSURANCE BENEFITS WITHHELD PENDING A WINDFALL OFFSET DETERMINATION (A-09-15-15041, 3/21/16)

**Results of Review:** We continue to find that SSA needs to improve controls to ensure it accurately and timely pays Old-Age, Survivors and Disability Insurance (OASDI) benefits withheld pending a windfall offset determination. We estimate that

- 13,141 beneficiaries' windfall offset actions were not processed and therefore SSA withheld about \$113.2 million in OASDI benefits, of which we estimate approximately \$71.9 million was payable to these beneficiaries, and
- 19,587 beneficiaries' windfall offset actions were correctly processed but not in a timely manner; therefore, these beneficiaries did not promptly receive about \$195.2 million in OASDI benefits.

In addition, SSA incorrectly processed the windfall-offset determinations for five beneficiaries. As a result, SSA improperly withheld \$12,775 in OASDI benefits for these beneficiaries.

Finally, SSA did not take corrective actions for 50.6 percent of the beneficiaries we identified during our 2011 audit.

**Recommendation:** Evaluate the results of its actions for the 58 beneficiaries and take appropriate action to address the remaining population of 61,734 beneficiaries identified during the current audit.

**Agency Response:** SSA agreed with our recommendation.

**Valued at:** \$71,596,964 in questioned costs.

**Corrective Action:** SSA is reviewing cases to gather more information on the total population of cases. In addition, SSA continues to discuss systems enhancements to identify cases pending offset windfall determinations outside of the current criteria.

### HIGHER RETIREMENT BENEFITS PAYABLE TO FAMILIES OF DISABLED BENEFICIARIES (A-09-14-34080, 2/2/16)

**Results of Review:** SSA needs to improve its controls to ensure it notifies disabled beneficiaries when total family benefits are higher if a disabled wage earner elected reduced retirement benefits. Based on our random sample, we estimate that 8,265 families of disabled beneficiaries were eligible for higher total family benefits of approximately \$27.9 million.

When these beneficiaries attained age 62, SSA should have informed them they were eligible for higher family benefits. However, we found no evidence in SSA's electronic files that SSA informed them they were eligible for a higher family benefit or that the beneficiaries had elected to continue to receive the lower family benefit.

**Recommendation:** Evaluate the results of its actions for the 159 beneficiaries and their families and take appropriate action to notify the remaining population of disabled beneficiaries who may be eligible for higher family benefits.

**Agency Response:** SSA agreed with our recommendation.

**Valued at:** \$27,436,497 in funds put to better use.

**Corrective Action:** In December 2016, SSA revised POMS RS 00615.110 and RS 00615.742. The POMS revision clarified a numberholder (NH) simultaneously entitled to Disability Insurance Benefits (DIB) and reduced Retirement Insurance Benefits (RIB) should be notified, but only at the time of filing - not when they become eligible for reduced RIB months and/or years later. Based on this policy, SSA only plans to review about 3,200 of the population of 20,000 cases. However, OIG noted this policy established conflicting requirements for informing disabled beneficiaries who may be eligible for a higher retirement benefit. Specifically, the December 2016 clarification conflicts with POMS DI 52150.030 and SM 00619.057 which requires SSA employees to contact disabled beneficiaries who are subject to workers compensation offset at age 62 (which could be many years after their initial claim) to inform them they may be eligible for higher retirement benefits. OIG believes SSA should re-evaluate its implementation actions or provide an explanation of why SSA only requires its employees to re-contact certain disabled beneficiaries at age 62 to discuss the possibility of higher retirement benefits, but not others.

**Recommendation:** Take appropriate action for the 159 beneficiaries and their families identified by our audit.

**Agency Response:** SSA agreed with our recommendation.

**Valued at:** \$537,737 in funds put to better use.

**Corrective Action:** In December 2016, SSA revised POMS RS 00615.110 and RS 00615.742. The POMS revision clarified a numberholder (NH) simultaneously entitled to Disability Insurance Benefits (DIB) and reduced Retirement Insurance Benefits (RIB) should be notified, but only at the time of filing - not when they become eligible for reduced RIB months and/or years later. Based on its policy clarification, SSA is only taking action on 11 of the 159 cases. SSA is not taking action for the remaining 148 cases based on its policy. However, OIG noted this policy established conflicting requirements for informing disabled beneficiaries who may be eligible for a higher retirement benefit. Specifically, the December 2016 clarification conflicts with POMS DI 52150.030 and SM 00619.057 which requires SSA employees to contact disabled beneficiaries who are subject to workers compensation offset at age 62 (which could be many years after their initial claim) to inform them they may be eligible for higher retirement benefits. OIG believes SSA should re-evaluate its implementation actions or provide an explanation of why SSA only requires its employees to re-contact certain disabled beneficiaries at age 62 to discuss the possibility of higher retirement benefits, but not others.

#### **RETIREMENT CLAIM DENIALS BECAUSE OF LACK OF INSURED STATUS (A-09-14-34107, 1/28/16)**

**Results of Review:** SSA needs to improve its controls to ensure it does not deny retirement benefits to individuals who are fully insured. Based on our random sample, we estimate that SSA denied retirement benefits to 3,575 fully insured individuals from January 2004 to April 2014. Of these, 3,154 individuals were entitled to \$20.8 million in retirement benefits.

Generally, this occurred because (1) SSA employees did not review earnings or develop for lag earnings, and (2) claimants did not report, or provide proof of, earnings to SSA. We also found that SSA employees should have determined whether individuals whom it subsequently awarded retirement benefits should have had an earlier month of entitlement based on a prior application it had denied for lack of insured status.

**Recommendation:** Evaluate the results of its corrective action for the 68 individuals and determine whether it should review the remaining population of 5,157 individuals.

**Agency Response:** SSA agreed with our recommendation.

**Valued at:** \$20,433,391 in questioned costs.

**Corrective Action:** SSA anticipates sending 5,100 cases to the Regions for action by April 2017, with an expected completion date of April 30, 2018.

### **ACCURACY OF DISABILITY BENEFITS TO BENEFICIARIES WHO ALSO RECEIVE FEDERAL EMPLOYEES' COMPENSATION ACT PAYMENTS (A-02-15-22114, 11/13/15)**

**Results of Review:** Of the 100 sampled beneficiaries, 88 had received the Federal Employees' Compensation Act (FECA) payments or filed a FECA claim. In 65 cases, the beneficiaries concurrently received Disability Insurance (DI) and FECA payments. We found SSA staff entered incomplete and inaccurate FECA information into SSA's systems when beneficiaries' DI claims were processed and their records updated.

In many cases, FECA payments changed after the beneficiaries began receiving DI benefits, but we found SSA updated its records infrequently, sometimes months or years after a change, and sometimes not at all. In many cases, these errors resulted in improper payments.

We identified total improper payments of about \$853,000 for 39 of the 65 DI beneficiaries who were receiving concurrent FECA payments. Specifically, SSA overpaid 28 beneficiaries about \$797,000 and underpaid 11 beneficiaries about \$56,000. Based on these results, we estimate SSA improperly paid 5,960 beneficiaries approximately \$130 million because it did not properly offset their DI benefits for their FECA payments.

**Recommendation:** Develop the 53 cases with errors we identified, which include the 39 cases with improper payments, as appropriate.

**Agency Response:** SSA agreed with this recommendation.

**Valued at:** \$853,179 in questioned costs.

**Corrective Action:** SSA completed corrective action on all cases but one. For the remaining case, SSA has initiated corrective action, but it is still pending due to Expedited Reinstatement, Trial Work Period, and Substantial Gainful Activity. SSA will continue to track the progress of this complex case to completion.

### **SUPPLEMENTAL SECURITY INCOME RECIPIENTS RECEIVING PAYMENTS IN BANK ACCOUNTS OUTSIDE THE UNITED STATES (A-06-14-14037, 10/19/15)**

**Results of Review:** We identified 1,196 Supplemental Security Income (SSI) recipients who received SSA payments direct deposited into bank accounts outside the United States, including 1,171 recipients who received payments in accounts established in banks in Puerto Rico. Most recipients received payments in accounts established at a specific bank (Bank A) in San Juan, Puerto Rico. The other 25 recipients received OASDI payments deposited in foreign banks via international direct deposit.

We estimate that, from December 2010 through April 2014, SSA issued about \$1.1 million in improper SSI payments to 246 recipients who lived outside the United States and received payments at Bank A. We also estimate that SSA issued these recipients \$379,295 in improper payments from May 2014 through April 2015 and will continue issuing improper payments without corrective action.

Although Federal law generally prohibits SSI payments to individuals living outside the United States, SSA policy does not prohibit direct deposit of SSA payments into accounts that SSI recipients establish in Puerto Rico or the Virgin Islands. As such, SSA did not develop or implement automated controls to identify or investigate these occurrences.

Further, controls designed to prevent SSI payments to concurrent beneficiaries whose OASDI records listed addresses outside the United States were not always effective. SSA improperly issued approximately \$122,000 in SSI payments to 25 concurrent beneficiaries who received OASDI payments in foreign banks via international direct deposit and whose OASDI records listed addresses in foreign countries. Further, 240 of the 1,171 recipients who received payments in accounts in Puerto Rico were concurrent beneficiaries who had Puerto Rico or Virgin Island addresses on their OASDI payment records.

SSA personnel did not timely respond to foreign address alerts generated on these records.

**Recommendation:** Periodically re-verify the eligibility (residency status) of SSI recipients who receive SSA payments in bank accounts established in Puerto Rico or the Virgin Islands.

**Agency Response:** SSA agreed with our recommendation.

**Valued at:** \$1,088,598 in questioned costs.

**Corrective Action:** SSA will address the issue presented in its inter-components workgroup referenced in its response to recommendation 1.

#### **OLD-AGE, SURVIVORS AND DISABILITY INSURANCE OVERPAYMENTS PENDING COLLECTION (A-02-15-35001, 9/22/15)**

**Results of Review:** While SSA had made some progress in recovering the long-term pending overpayments we reviewed, it could improve the effectiveness of its recovery efforts. In some cases, SSA did not recover any part of the overpayments due. In other cases, the Agency recovered part of the overpayments but did not continue recovering the remaining balances. The longer these overpayments remain unresolved, the less likely the Agency will be able to recover them.

Unresolved protests of the overpayments we reviewed were often the reason the Agency had not recovered the debts owed. An overpayment with a pending protest or waiver request suspends further collection activity until it is resolved. While SSA's system generates alerts of the pending protest workload, the Agency does not have controls in place to ensure that they are addressed timely, which allows protests to remain unresolved and overpayments unrecovered.

Based on our samples, we estimated that SSA has not resolved over \$172 million in overpayments.

**Recommendation:** Evaluate the results of its resolution of the 46 overpayments and determine whether it should review the remaining overpayment balances that had been outstanding for 12 months or longer.

**Agency Response:** SSA agreed with our recommendation.

**Valued at:** \$172,134,978 in questioned costs.

**Corrective Action:** SSA will evaluate its resolution actions for the 46 overpayments and, if resources permit, the Agency will determine whether to review the remaining balances that have been pending for 12 months or older. SSA anticipates a completion date of end of FY 17.

### **COST-BENEFIT ANALYSIS OF PROCESSING LOW-DOLLAR OVERPAYMENTS (A-07-14-14065, 7/1/15)**

**Results of Review:** Generally, SSA attempted to collect overpayments regardless of the amount. Sometimes, the value of the overpayment was less than what SSA spent to collect it. Therefore, for some overpayments, collection was not always cost-beneficial.

SSA collects data on the average costs to collect Retirement and Survivors Insurance (RSI), DI, and SSI overpayments via its Cost Analysis System (CAS). The average cost to collect RSI and DI overpayments reported in CAS includes the total cost for all actions related to collecting overpayments from beneficiaries under each program during an FY. However, the average cost to collect an SSI overpayment as reported in CAS represents the cost of a single action taken to collect an SSI overpayment during an FY. Therefore, the average cost to collect an SSI overpayment does not represent the cost of collecting the overpayment when multiple actions are required. This results in an understatement of the average cost to collect an SSI overpayment when multiple collection actions are required.

Based on our analysis using average cost data from CAS, we estimated SSA spent over \$323 million to collect low-dollar overpayments in FYs 2008 through 2013. Using SSA's overpayment collection percentages for these FYs, we estimated SSA collected approximately \$109.4 million of the low-dollar overpayments. This resulted in SSA spending over \$213.6 million more than it collected.

**Recommendation:** Re-evaluate SSA's process for collecting overpayments where the value of the overpayment is less than what SSA spends to collect the overpayment to ensure that it expends resources on activities that result in the greatest return on investment.

**Agency Response:** SSA agreed with our recommendation.

**Valued at:** \$3,175,601,911 in funds put to better use.

**Corrective Action:** SSA will re-evaluate the process for collecting overpayments where the value of the overpayment is less than what the Agency spends to collect it. However, SSA believes that this evaluation should include other factors such as reporting deterrents; SSA must obtain the updated SSI data in order to complete this evaluation. SSA was evaluating how to address recommendation 1 [Capture in the CAS the average cost of collecting SSI overpayments using a similar methodology as it does for the RSI and DI programs] with the Overpayment Redesign effort; however, the project did not receive funding for FY 2017. SSA will continue to pursue this recommendation in coordination with the completion of recommendation 1.

### **CONTROLS OVER "SPECIAL PAYMENT AMOUNT" OVERPAYMENTS FOR TITLE II BENEFICIARIES (A-09-13-23098, 5/18/15)**

**Results of Review:** Since our prior audit, SSA had reduced the number of overpaid beneficiaries and amount of special payment amount (SPA) overpayments for which it had not initiated recovery actions. Similarly, the number and amount of erroneous overpayments on the MBR had decreased. However, SSA's controls did not always ensure it initiated recovery actions timely and tracked overpayments only when recovered or otherwise resolved.

Based on our random sample, we estimate that SSA

- overpaid 9,222 beneficiaries about \$31 million for which it had not initiated recovery actions and
- should have removed from the MBR erroneous SPA overpayments, totaling about \$18.3 million, for 1,892 beneficiaries.

This occurred because SSA employees did not review the SPA overpayments or resolve the SPA overpayment alerts. We also found SSA could improve its overpayment collection efforts by producing follow-up alerts for SPA overpayments and/or by revising the clean-up project to identify and select SPA overpayments sooner.

**Recommendation:** Improve controls to ensure that employees properly resolve SPA overpayments in a timely manner.

**Agency Response:** SSA agreed with our recommendation.

**Valued at:** \$49,025,745 in questioned costs.

**Corrective Action:** SSA continues to work with the appropriate Agency representatives to implement a report that will provide cases that were not resolved during the SPA Lifecycle run that is completed every year in June.

**FOLLOW-UP: COLLECTION OF CIVIL MONETARY PENALTIES (A-06-14-14047, 3/10/15)**

**Results of Review:** Section 1140 Civil Monetary Penalty(CMP) collection efforts were effective. All \$526,000 in CMPs imposed during the audit period were collected in full.

SSA's section 1129 CMP collection efforts still require improvement. SSA made progress collecting unpaid balances from the 50 randomly selected CMPs included in our prior review but had not effectively addressed collection errors identified during our 2011 audit. SSA also had not developed a database to track and monitor CMP cases or provide periodic reports to SSA management on the status of CMP collection activities.

Our review of 50 randomly selected CMPs imposed from January 2010 through December 2012 indicated that SSA collected only 13 percent of the amounts imposed. Based on our sample results, we estimate that SSA had not initiated any collection action on approximately \$1.6 million of the \$19 million in CMPs imposed during that period.

SSA did not always collect CMP balances in accordance with approved collection terms from individuals who received SSA payments. Further, SSA did not initiate alternative collection action against individuals who did not receive SSA payments or voluntarily remit CMP restitution. Addressing and correcting these discrepancies could improve CMP recoveries.

**Recommendation:** Identify an accountable official responsible for developing a time-phased action plan to implement a process for monitoring section 1129 CMP collection status and ensuring CMP balances are posted and collected in accordance with approved settlement agreements or default determinations.

**Agency Response:** SSA agreed with our recommendation.

**Valued at:** \$1,554,390 in funds put to better use.

**Corrective Action:** Using a collaborative approach, the Office of Financial Policy and Operations is leading an executive steering committee to develop a multi-year plan to address the policy changes, systems enhancements, and collection process improvements necessary to improve the monitoring of section 1129 CMPs. SSA's activities continue as systems enhancements will be included in the Overpayment Redesign Project, which is currently in planning and analysis phase.

In addition, the Office of Operations is partnering with OIG to automate the CMP referral process that begins with OIG transmitting the CMP to the Agency. This is an important component of SSA's current effort to ensure



that it posts CMPs accurately and timely. Finally, SSA is exploring ways to improve data quality surrounding the status of CMPs and ensure that collections are in accordance with settlement agreements and default judgments.

#### **DISABLED BENEFICIARIES WHO ARE ELIGIBLE FOR HIGHER RETIREMENT BENEFITS (A-09-13-23054, 1/30/15)**

**Results of Review:** SSA needs to improve its controls to ensure that it notifies disabled beneficiaries when they are eligible for higher retirement benefits. Based on our random sample, we estimate that 17,137 disabled beneficiaries were eligible for higher retirement benefits totaling approximately \$105.6 million.

This occurred because SSA employees did not inform disabled beneficiaries when they were eligible for the higher retirement benefits or document the reasons beneficiaries did not elect higher retirement benefits, as required.

**Recommendation:** Evaluate the results of its corrective actions for the 66 beneficiaries and take appropriate action to notify the remaining population of disabled beneficiaries who may be eligible for higher retirement benefits.

**Agency Response:** SSA agreed with our recommendation.

**Valued at:** \$105,188,265 in funds put to better use.

**Corrective Action:** The Office of Operations completed its work on the 66 cases and the Potential Entitlement (PE) Workgroup, led by Office of Quality Improvement (OQI), is taking the lead to address evaluating the results. The task has been added to the PE workgroup's list of issues to address. No definite timeframe has been established at this time.

#### **UNDERPAYMENTS PAYABLE TO TERMINATED TITLE II BENEFICIARIES (A-09-13-23099, 12/17/14)**

**Results of Review:** SSA needs to improve its controls to ensure that it properly pays underpayments due terminated beneficiaries. Based on our random sample, we estimate that

- 55,925 terminated beneficiaries were due \$122.6 million in underpayments that SSA should have paid to eligible beneficiaries, and
- 5,687 terminated beneficiaries had \$5.2 million in erroneous underpayments that SSA should have removed from the MBR.

Generally, this occurred because there was no systems alert when SSA employees manually establish underpayments. In addition, SSA employees did not always (1) pay underpayments to eligible beneficiaries, (2) remove underpayments from the MBR when they were paid, or (3) ensure underpayments recorded on the MBR were valid.

**Recommendation:** Implement a cost-effective approach for correcting and/or paying the population of terminated beneficiaries with SPA underpayments on the MBR.

**Agency Response:** SSA agreed with our recommendation.

**Valued at:** \$127,630,795 in questioned costs.

**Corrective Action:** Operations worked with Systems on an SPA Underpayment Clean-Up Project, which issues death underpayments to eligible widows. In December 2015, Systems completed Phase 1, which issued 4,676 underpayments. In December 2016, Systems completed Phase 2, which issued 3,594 underpayments established in FY 2012. In addition, Operations removed 92 erroneous underpayments established on records. SSA is now working on the final Phase 3, which will include underpayments established in FY 2013 through 2017. This final cleanup will be done in FY 17. Discussions are underway for opportunities to expand this clean-up effort.

### **ACCUMULATED FUNDS PAYABLE TO BENEFICIARIES OR THEIR REPRESENTATIVE PAYEES (A-09-12-21236, 12/11/2012)**

**Results of Review:** SSA needed to improve controls to ensure it properly and timely paid accumulated funds to Title II beneficiaries or their representative payees. Based on a random sample, we estimate that:

- 4,174 beneficiaries accumulated funds totaling approximately \$29.9 million that SSA had not paid to the beneficiaries or their representative payees;
- 909 beneficiaries had approximately \$18.6 million in accumulated funds that were correctly paid but not timely; and
- 248 representative payees were paid accumulated funds totaling approximately \$4 million, but SSA had not evaluated its ability to manage the funds, as required.

This occurred because SSA did not always (1) establish manual diaries to control the payment of accumulated funds, (2) pay accumulated funds to representative payees when required, or (3) pay all accumulated funds due and payable upon the selection of a representative payee.

**Recommendation:** Develop a cost-effective method for identifying and paying, as appropriate, Title II beneficiaries who have unpaid accumulated funds.

**Agency Response:** SSA agreed with the recommendation.

**Valued at:** \$29,211,452 in questioned costs.

**Corrective Action:** The Agency will continue to work with the Office of Systems and the Deputy Commissioner for Operations to determine the feasibility of developing a cost-effective method for identifying and paying, as appropriate, Title II beneficiaries who have unpaid accumulated funds.

### **ANNUAL EARNINGS TEST UNDERPAYMENTS PAYABLE TO BENEFICIARIES (A-09-11-11128, 4/6/2012)**

**Results of Review:** SSA improperly paid beneficiaries whose MBR annual report data exceeded their earnings on the Master Earnings File (MEF). We estimated that SSA improperly paid 10,644 beneficiaries about \$15 million during Calendar Years 2005 through 2008. In addition, unless SSA revises the Earnings Enforcement Operation (EEO), we estimated it would improperly pay about \$3.7 million, annually, to 2,661 beneficiaries.

The improper payments occurred because SSA's policy is to exclude from the EEO beneficiaries whose MBR annual report data exceeded the earnings recorded on SSA's MEF. Finally, we found that SSA should not rely on the annual report data on the MBR to determine whether beneficiaries were properly paid. Specifically, we found that annual report data on the MBR (1) were estimated amounts, (2) contained obvious recording errors, and (3) included earnings that were not subject to the annual earning test.

**Recommendation:** Review its policies, procedures, and systems concerning earnings and benefit computations to provide accurate results for Title II beneficiaries.

**Agency Response:** SSA agreed with the recommendation.

**Valued at:** \$3,754,533 in funds put to better use.

**Corrective Action:** OQI completed its analysis in late August, as requested. The Office of Retirement and Disability Policy (ORDP) reviewed its analysis and determined that information on a subset of cases OIG identified as problematic was not included on the OQI report. In December 2016, ORDP requested OQI to run a new analysis on the missing subset of cases. The new analysis will determine the universe of cases where the SSA exclusion of EEO is applied for situations where the MBR annual report data exceeded the earnings record on the MEF. Based on that analysis, ORDP will determine any potential required changes to its policies and procedures regarding the annual earnings test and benefit computations. OQI informed SSA the additional data will be available to ORDP by late March 2017. The Agency aims to complete its analysis when it receives the additional data from OQI.

#### **TITLE II BENEFICIARIES WHOSE BENEFITS HAVE BEEN SUSPENDED AND WHO HAVE A DATE OF DEATH ON THE NUMIDENT (A-09-10-10117, 4/28/2011)**

**Results of Review:** SSA needs to improve controls to ensure that it takes timely and proper actions to resolve death information on the Numident for suspended beneficiaries. We estimate that

- 4,699 beneficiaries remained in suspended pay status despite the death information on their Numident. Of these, we estimate 2,976 were improperly paid approximately \$23.8 million.
- 2,715 beneficiaries' personally identifiable information was at risk of being released to the public.
- 157 beneficiaries whose benefits were terminated were improperly paid \$342,114.

**Recommendation:** Identify and take corrective action on the remaining population of 6,277 suspended beneficiaries who had a date of death on the Numident.

**Agency Response:** SSA agreed with the recommendation.

**Valued at:** \$22,855,376 in questioned costs.

**Corrective Action:** SSA is following-up on its 53 remaining cases to see which ones have been processed. These cases have processing limitations pending in the processing center. The Agency estimates an additional 2 months (May 2017) to complete the recommendation.

#### **PAYMENT ACCURACY OF DUALY ENTITLED TITLE II BENEFICIARIES (A-04-13-13014, 8/27/2014)**

**Results of Review:** Of the 50 sample Title II beneficiaries who were receiving benefits on two Social Security records, we determined that SSA incorrectly paid 29 (58 percent) beneficiaries full benefits on both records.

Of the 29 payment error cases, nine may have been barred from correction due to SSA's administrative finality regulations. When administrative finality regulations bar correction, SSA will not revise the determinations to assess any possible overpayments or correct the ongoing payments. For these payment error cases, we estimate, as of March 2013, SSA overpaid about 664 beneficiaries approximately \$7.6 million. SSA will continue

paying the erroneous amount to child beneficiaries until they reach age 18 and are no longer entitled to benefits or the adult beneficiaries die, resulting in paying additional benefits of about \$10.3 million than what should have been due had the amounts been determined properly initially. In a previous report, we recommended that SSA evaluate, and consider revising, its administrative finality regulations to allow for the collection of more debt. SSA agreed with the recommendation and issued proposed rule changes for public response.

For the remaining 20 payment error cases, we estimate that, as of March 2013, SSA overpaid approximately 1,475 beneficiaries about \$6 million. In addition, 18 of the 20 beneficiaries had overpayments that continued after March 2013. As such, we estimate that, for the 12 months following our audit, overpayments in our population totaled about \$4.3 million.

**Recommendation:** Review all cases in our population to ensure that all overpayments are identified, recorded, and pursued for recovery.

**Agency Response:** SSA agreed with the recommendation.

**Valued at:** \$13,557,247 in questioned costs and \$14,569,033 in funds put to better use.

**Corrective Action:** SSA has completed all the necessary corrective actions on the sample cases. It is evaluating the results to take appropriate action for the remaining cases by no later than July 31, 2017.

#### **ACCRUED BENEFITS PAYABLE ON BEHALF OF DECEASED BENEFICIARIES (A-09-14-14034, 8/20/2014)**

**Results of Review:** SSA needs to improve its controls to ensure that it pays accrued benefits on behalf of deceased beneficiaries. Based on our random sample, we estimate

- 3,440 deceased beneficiaries accrued \$24.7 million in benefits that SSA should have paid to a surviving beneficiary in current pay, and
- 1,183 deceased beneficiaries' MBRs incorrectly showed they accrued unpaid benefits.

This occurred because (1) SSA employees did not take appropriate action to pay accrued benefits to surviving beneficiaries; (2) there was no systems alert that identified the accrued benefits that may have been payable; and (3) SSA did not remove temporary suspensions from the MBR after it paid or resolved the accrued benefits.

**Recommendation:** Evaluate the results of its corrective actions for the 86 beneficiaries and determine whether it should review the remaining population of 5,275 beneficiaries.

**Agency Response:** SSA agreed with the recommendation.

**Valued at:** \$24,272,227 in questioned costs.

**Corrective Action:** SSA is currently reviewing the remaining 5,275 cases. SSA anticipates completing all necessary actions for these cases by the end of FY 2017.

#### **SPOUSAL BENEFICIARIES WHOSE GOVERNMENT PENSION OFFSET HAS STOPPED (A-09-13-23049, 5/27/2014)**

**Results of Review:** SSA needs to improve its controls to ensure that it does not improperly stop Government Pension Offset (GPO) for spousal beneficiaries. We estimate that SSA incorrectly recorded GPO stop dates for 812 spousal beneficiaries on the MBR. This included 314 beneficiaries whom SSA overpaid about \$9.1 million because it improperly stopped withholding GPO or incorrectly calculated the GPO amounts. Finally, we estimate that SSA will overpay the 314 spousal beneficiaries about \$2 million, annually, unless it takes action to identify and correct these errors.

Generally, these errors occurred because SSA employees erroneously recorded GPO stop dates on the MBR, did not properly calculate GPO because they incorrectly recorded monthly pensions as lump sum payments, or did not properly apply pension amounts when they calculated the GPO amount.

**Recommendation:** Evaluate the results of its corrective action for the 88 beneficiaries and determine whether it should review the remaining population of 823 spousal beneficiaries.

**Agency Response:** SSA agreed with the recommendation.

**Valued at:** \$8,156,734 in questioned costs.

**Corrective Action:** SSA has taken action on all but 7 of the 34 cases. SSA expected to provide a status on the remaining cases by May 31, 2017.

#### **NON-RECEIPT OF SOCIAL SECURITY BENEFITS DUE TO UNAUTHORIZED DIRECT DEPOSIT CHANGES (A-02-13-23004, 5/13/2014)**

**Results of Review:** We identified 23,192 beneficiaries who had multiple changes to their direct deposit information and who reported that they did not receive 25,728 Social Security payments, totaling \$28.3 million, between September 2, 2011 and June 11, 2012. SSA sent replacement payments to many beneficiaries, but not all of them had their missing payment replaced. In total, SSA sent replacement payments totaling \$17.4 million to 13,380 individuals.

When SSA issues a replacement payment, it also initiates a tele-trace request with the Department of the Treasury (Treasury) to determine the status of the initial non-received payment. In cases that involve unauthorized changes to direct deposit information, the Treasury often determines that the new financial account that received the initial payment was in the beneficiary's name because fraudsters used the beneficiary's identity to establish the bank account they control. Since the payment was deposited into an account under the beneficiary's name, the Treasury does not return a credit to SSA, and SSA establishes an overpayment on the beneficiary's record.

SSA charged 2,452 of the beneficiaries who received replacement payments with overpayments totaling \$3 million.

**Recommendation:** Ensure beneficiaries with outstanding overpayments for replacement payments after unauthorized changes to their direct deposit information are not held liable for repaying them.

**Agency Response:** SSA agreed with the recommendation.

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**Valued at:** \$1,409,671 in questioned costs.

**Corrective Action:** Before it starts collecting an overpayment in an individual case, the Agency sends a notice to the individual explaining his or her right to appeal the overpayment. In addition, this notice provides the individual the right to request a waiver of Agency collection activities at any time in the process. Both the right to a formal appeal and the right to request a waiver are specified policies in SSA's regulations. Consistent with the Agency's policies and regulations, SSA is reviewing and correcting the cases the OIG identified for the Agency as being erroneously processed (i.e., erroneously collecting an overpayment). SSA is pursuing action on 1,300 cases, but currently does not have an estimated timeframe for completion.

#### **ACCURACY OF AUXILIARY PAYMENTS TO CHILDREN AFTER DIVORCE (A-13-11-21100, 5/12/2014)**

**Results of Review:** SSA issued payments to auxiliary beneficiaries after the parents' divorce. We identified 1,390 stepchildren whom SSA determined were entitled to auxiliary OASDI benefits, and the beneficiary's marriage ended in divorce in or after June 2007. We randomly selected 60 of the 1,390 stepchildren to determine whether SSA properly terminated their benefits after the parents divorced.

Of the 60 beneficiaries sampled, we found SSA did not take appropriate action to terminate OASDI benefits for 11 stepchildren. Based on our analysis, we estimate SSA overpaid about \$3.1 million to 248 stepchildren. Unless SSA takes action to identify and correct these errors, we estimate the stepchildren will receive additional overpayments of approximately \$479,000 until they reach age 18 or are older and a full-time student.

**Recommendation:** Determine and implement the most cost-effective process to prevent and detect overpayments to stepchildren after the parents' divorce.

**Agency Response:** SSA agreed with the recommendation.

**Valued at:** \$2,942,001 in questioned costs and \$448,299 in funds put to better use.

**Corrective Action:** In August 2016, the Agency completed its initial analysis on a sample of the 1,330 cases identified in this audit. SSA is planning further actions to create a file of Social Security numbers to narrow down the universe of cases that will require review and action. Since this is a significant workload, SSA will conduct inter-component discussions to determine the criteria. A completion date is yet to be determined.

## **SIGNIFICANT MONETARY RECOMMENDATIONS FROM PRIOR SEMI-ANNUAL REPORTS TO CONGRESS FOR WHICH RECENT CORRECTIVE ACTIONS HAVE BEEN MADE**

#### **DISABLED INDIVIDUALS POTENTIALLY ELIGIBLE AS AUXILIARY CHILD BENEFICIARIES (A-13-10-10146, 6/12/2012)**

**Results of Review:** Although SSA had taken actions to identify and prevent missed entitlements, we identified SSI recipients who were also eligible for OASDI. Our analysis of 100 SSI recipients found 95 were eligible for OASDI as auxiliary child beneficiaries. Of these, we identified 16 SSI recipients who were due OASDI underpayments totaling about \$71,000. We estimate approximately 2,160 SSI recipients were eligible for OASDI and were due underpayments totaling approximately \$9.6 million.

In February 2012, we identified 14,434 SSI recipients—from all 20 segments of SSA's records—who were potentially entitled disabled child beneficiaries. We provided this information to the Agency for corrective action.

**Recommendation:** Develop and implement a cost-effective strategy to assess the 14,434 recipients we identified to correctly pay those recipients eligible for OASDI as auxiliary child beneficiaries and pay the OASDI underpayments due the recipients, as appropriate.

**Agency Response:** SSA agreed with the recommendation.

**Valued at:** \$9,582,380 in questioned costs.

**Corrective Action:** SSA initiated development on these cases to determine eligibility to auxiliary benefits. The Agency awarded benefits when applicable and released all resulting underpayments. Please note that 28 cases, 0.2 percent of the total universe, are complex and will require further development. However, the cases are in progress and workload controls are in place to ensure they are resolved when possible.

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

### OLD-AGE, SURVIVORS AND DISABILITY INSURANCE BENEFITS WITHHELD PENDING A WINDFALL OFFSET DETERMINATION (A-09-15-15041, 3/21/16)

**Results of Review:** We continue to find that SSA needs to improve controls to ensure it accurately and timely pays OASDI benefits withheld pending a windfall offset determination. We estimate that

- 13,141 beneficiaries' windfall offset actions were not processed and therefore SSA withheld about \$113.2 million in OASDI benefits, of which we estimate approximately \$71.9 million was payable to these beneficiaries, and
- 19,587 beneficiaries' windfall offset actions were correctly processed but not in a timely manner; therefore, these beneficiaries did not promptly receive about \$195.2 million in OASDI benefits.

In addition, SSA incorrectly processed the windfall offset determinations for five beneficiaries. As a result, SSA improperly withheld \$12,775 in OASDI benefits for these beneficiaries.

Finally, SSA did not take corrective actions for 50.6 percent of the beneficiaries we identified during our 2011 audit.

**Recommendation:** Take appropriate action to address the population of 26,558 beneficiaries identified during our 2011 audit.

**Agency Response:** SSA agreed with our recommendation.

**Corrective Action:** SSA is reviewing cases to gather more information on the total population of cases. In addition, SSA continues to discuss systems enhancements to identify cases pending offset windfall determinations outside of the current criteria.

**Recommendation:** Periodically identify and select for review beneficiaries whose OASDI benefits are being withheld pending a windfall offset determination.

**Agency Response:** SSA agreed with our recommendation.

**Corrective Action:** SSA is currently discussing a systems enhancement to select records pending offset windfall for a specified period of time.

### HOUSEHOLDS WITH MULTIPLE CHILDREN RECEIVING SUPPLEMENTAL SECURITY INCOME PAYMENTS BECAUSE OF MENTAL IMPAIRMENTS (A-08-14-14098, 3/2/16)

**Results of Review:** Neither we nor SSA could identify all the households with multiple children receiving SSI because of mental impairments. As such, we were unable to satisfy that part of our audit objective. However, our interviews with individuals at selected field offices, State disability determination services (DDS), and Cooperative Disability Investigations (CDI) Units, and reviews of 42 households (193 children) with 4 or more mentally disabled children, raised some concerns about the potential for individuals to exploit vulnerabilities in program controls. Although our discussions and case reviews raised some program integrity issues, we did not project our results to all households with multiple children receiving SSI. We recognize that more than one child



in a household may have legitimate disabilities; however, we believe SSA should consider households with multiple children applying for, or receiving, SSI for mental impairments as high-risk.

To enhance program integrity, we believe field offices should routinely notify DDSs about households that have multiple children receiving SSI payments because of mental impairments, as the U.S. Government Accountability Office previously recommended. We determined that field offices did not notify DDSs of other children in the household in 150 (92 percent) of the 163 electronic case files we reviewed. Without such information, DDS' ability to identify potential fraud and abuse is limited. In addition, 84 (44 percent) of the 193 cases we reviewed were overdue for a continuing disability review (CDR). When SSA does not conduct CDRs as scheduled, some children may receive payments for which they are no longer eligible.

**Recommendation:** Conduct medical CDRs on the children in multi-recipient households we identified. If SSA identifies any potential fraud or abuse through these reviews, the Agency should refer the cases to OIG.

**Agency Response:** SSA agreed with this recommendation.

**Corrective Action:** In addition to the over 220,000 SSI childhood CDRs completed in FY 2015, SSA completed over 260,000 in FY 2016. Most of the 193 have either been completed, or are in process. The results are as follows: 67 have an open CDR with no determination yet, 10 are not in current pay and the Agency cannot initiate a CDR, and 19 will be available for release in FY 2017. SSA is still waiting on the final data for the 19 group of CDRs.

**Recommendation:** Develop and implement a plan to identify households nationwide in which multiple children are receiving SSI payments because of mental impairments and ensure it conducts medical CDRs timely.

**Agency Response:** SSA partially agreed with this recommendation.

**Corrective Action:** SSA partially agrees. The Agency relies on a predictive model to analyze case characteristics and prioritize CDRs that are most likely to have medical improvements in order to use its limited resources on the CDRs with the best rate of return. SSA's models, which it developed and refined over many years, rely on data from all disability cases, including childhood SSI cases. OIG presented no evidence that its cohort would produce a better return on investment than CDRs currently being completed, so there is no compelling reason to specifically focus CDRs on children receiving SSI due to mental impairments in households with multiple children receiving SSI benefits. The Agency does agree, however, that all SSI children receiving SSI should receive CDRs timely and SSA is committed to taking action to ensure this happens.

Finally, as noted in its general comments, contingent on adequate and sustained program integrity funding to complete the necessary CDRs, SSA expects to eliminate the CDR backlog of children receiving SSI benefits in FY 2017. With funding to work significantly more CDRs in expected funding in FY 2018, the Agency is committed to working as many due medical CDRs for child SSI cases as they can by the end of this period. The Agency is charged with becoming current for CDRs, and there will always be CDRs in the pipeline waiting to be worked.

#### **ON-THE-RECORD FAVORABLE DECISIONS PROCESSED AT HEARING OFFICES WITHIN 100 DAYS OF RECEIPT (A-12-14-14082, 1/21/16)**

**Results of Review:** We reviewed 100 on-the-record (OTR) decisions issued in FY 2013 by administrative law judges (ALJ) and senior attorney adjudicators (SAA) within 100 days of receipt at a hearing office. We determined SAAs issued 80 of these OTR decisions, and ALJs issued the remaining 20 decisions.

We found that 50 of the 100 OTR decisions in our sample contained no new medical evidence at the hearings level. These decisions had the following characteristics that may be of interest to Agency managers (some cases overlap into more than 1 category)

- 46 cases where Office of Disability Adjudication and Review (ODAR) adjudicators determined the individual had little or no ability to work in the economy;
- 9 cases where medical evidence was posted at the DDS level after a decision had been rendered on the case; and
- 8 cases where ODAR adjudicators noted obesity as a contributing factor in the claimant's impairment, though obesity was not cited at the DDS level.

The treatment of a claimant's ability to work and obesity may relate to differences in approach and related training at the DDS and ODAR. In FY 2008, SSA's Unified Disability Training (UDT) Workgroup recommended the Agency develop training that follows an individual through the entire disability process. However, the Agency ended the UDT effort after creating only one training class.

**Recommendation:** Consider conducting quality reviews that focus on a sample of cases at each step in the disability process, from the initial to hearings level, to identify any inconsistencies in practices, including factors discussed in our report.

**Agency Response:** SSA agreed with our recommendation.

**Corrective Action:** Currently, the Office of Disability Policy (ODP), the Office of Disability Determinations (ODD), the Office of Learning, and representatives from the DDSs are working together to update the Disability Examiner Basic Training Program. This initiative should assist with current training needs in the DDSs. ODP/ODAR/ODD and the DDSs have been collaborating to achieve consistency in the application of policy for ODAR and the DDSs. The Mental Listings, Symptom Evaluation, Opinion Evidence and Failure to Cooperate are some of the workgroups with multicomponent participation that began in FY 2015. SSA continues to collaborate in these activities. The DDSs have internal quality assurance checks in place, as well as external Disability Quality Branch reviews. The Request for Program Consultation (RPC) is another part of the quality process. RPC and the Policy Feedback System identify DDS quality trends and training needs. ODD communicates with the DDSs when quality issues are identified and discusses ways to resolve them. Due to the cross-component training, policy and quality activities the Agency identified above, it does not recommend re-establishing the UDT workgroup model or conducting additional quality reviews.

### **SOCIAL SECURITY ADMINISTRATION EMPLOYEES WITH CONDUCT ISSUES WHO RECEIVED MONETARY AWARDS (A-08-15-50020, 11/2/15)**

**Results of Review:** SSA paid about \$145,000 in monetary awards to 240 employees it had disciplined for conduct issues. SSA reprimanded 126 (52.5 percent) employees, suspended 113 (47.1 percent), and demoted 1 (0.4 percent). The primary reasons SSA cited for the disciplinary actions included discourteous conduct, unauthorized access to SSA records, failure to follow SSA procedures, and misuse of Government credit cards.

SSA policy indicates that employees under SSA's Performance Assessment and Communications System must be in good standing to be eligible for the Exemplary Contribution or Service Award and Recognition of Contribution (ROC) awards. SSA considers employees in good standing when their rating of record (appraisal) is at least a summary level 3.0 (performing successfully), and the employee is not serving on an Opportunity to

Perform Successfully Plan. SSA's Office of Personnel told us the 240 employees were in good standing when they received their award.

Additionally, while many awards are discretionary, under the American Federation of Government Employees (AFGE) National Agreement, SSA must provide rating-based ROC awards to AFGE employees it reprimanded if they meet the eligibility requirements. Accordingly, SSA would have been in violation of the AFGE Agreement had it not paid 34 AFGE employees \$23,842 in ROC awards.

Neither SSA awards policy nor Office of Personnel Management guidance prohibits giving an award to an employee who has been disciplined for conduct. Because the severity of conduct issues varies, we believe SSA should consider revising its policy on granting awards to employees who have certain conduct issues. We recognize that revising its awards policy will require that SSA work with bargaining unit representatives.

**Recommendation:** Evaluate and consider revising its awards policy to limit management officials' discretion to grant awards to employees who have certain conduct issues. In doing so, SSA should specify the types of conduct that would prevent individuals from receiving awards.

**Agency Response:** SSA agreed with our recommendation.

**Corrective Action:** The Agency evaluated its current awards policy to determine if certain types of disciplinary actions should limit an employee from receiving an award. On April 1, 2017, the Agency and union agreed to extend the AFGE contract to March 31, 2018. The agreement included language that management has the discretion not to grant a recognition of contribution award (i.e. performance award) to an employee who was subject to discipline of a reprimand or greater. Prior to April 1, this discretion was limited to situations where an employee was subject to discipline of a short-term suspension or greater.

Bargaining unit employees under the SSA- National Treasury Employees Union (NTEU) National Agreement are not eligible to receive any form of monetary award for a one-year period following the effective date of a suspension or demotion for misconduct, or any discipline (e.g. reprimand or suspension) for credit card misuse or delinquency.

The union maintains the right to bargain any proposed policy implementation as it affects working conditions of bargaining unit employees. Any additional change in SSA's awards policy is predicated on the schedule and outcome of future bargaining and negotiations.

#### **SUPPLEMENTAL SECURITY INCOME RECIPIENTS RECEIVING PAYMENTS IN BANK ACCOUNTS OUTSIDE THE UNITED STATES (A-06-14-14037, 10/19/15)**

**Results of Review:** We identified 1,196 SSI recipients who received SSA payments direct deposited into bank accounts outside the United States, including 1,171 recipients who received payments in accounts established in banks in Puerto Rico. Most recipients received payments in accounts established at a specific bank (Bank A) in San Juan, Puerto Rico. The other 25 recipients received OASDI payments deposited in foreign banks via international direct deposit.

We estimate that, from December 2010 through April 2014, SSA issued about \$1.1 million in improper SSI payments to 246 recipients who lived outside the United States and received payments at Bank A. We also estimate that SSA issued these recipients \$379,295 in improper payments from May 2014 through April 2015 and will continue issuing improper payments without corrective action.

Although Federal law generally prohibits SSI payments to individuals living outside the United States, SSA policy does not prohibit direct deposit of SSA payments into accounts that SSI recipients establish in Puerto Rico or the Virgin Islands. As such, SSA did not develop or implement automated controls to identify or investigate these occurrences.

Further, controls designed to prevent SSI payments to concurrent beneficiaries whose OASDI records listed addresses outside the United States were not always effective. SSA improperly issued approximately \$122,000 in SSI payments to 25 concurrent beneficiaries who received OASDI payments in foreign banks via international direct deposit and whose OASDI records listed addresses in foreign countries. Further, 240 of the 1,171 recipients who received payments in accounts in Puerto Rico were concurrent beneficiaries who had Puerto Rico or Virgin Island addresses on their OASDI payment records.

SSA personnel did not timely respond to foreign address alerts generated on these records.

**Recommendation:** Modify the alert process to identify and notify field office staff to investigate when SSI recipients have SSA payments direct deposited in banks in Puerto Rico or the Virgin Islands.

**Agency Response:** SSA agreed with our recommendation.

**Corrective Action:** In late October 2015, SSA convened an inter-component workgroup to address the issues presented in this report. The workgroup is meeting on a bi-weekly schedule. The workgroup is evaluating the current policy, operations, and related system controls to determine where the Agency can make changes in its processes to ensure it takes any necessary action with regard to SSI recipients who have payments direct deposited into banks in Puerto Rico or the Virgin Islands. Currently, the Agency is evaluating three suggestions.

#### **SUPPLEMENTAL SECURITY INCOME OVERPAYMENTS PENDING A COLLECTION DETERMINATION BY THE SOCIAL SECURITY ADMINISTRATION (A-07-15-15030, 9/22/15)**

**Results of Review:** From a sample of 100 overpayments for individuals who were not receiving SSI payments, we found SSA had partially collected 8, was unable to collect 7 because of legal or policy restrictions, and took action to collect 58 (it appeared SSA could have taken additional actions for 7 of these 58). SSA had not taken any collection actions on the remaining 27 overpayments since December 31, 2013. Accordingly, we project SSA had not taken recent actions to collect 16,240 overpayments, totaling more than \$128 million.

From a sample of 50 overpayments for individuals who were receiving SSI payments, we found SSA had partially collected 2, was unable to collect 4 because of legal or policy restrictions, and took action to collect 3. Further, SSA had not taken appropriate action since December 31, 2013 for one overpayment. SSA combined the remaining 40 overpayments with the recipients' prior and subsequent overpayments and was withholding all or a portion of the recipients' SSI payments to recover the total debt.

**Recommendation:** As resources allow, establish a plan to review remaining overpayments where no recent actions had been taken to collect overpayments from individuals no longer receiving SSI payments, focusing on the highest dollar overpayments first.

**Agency Response:** SSA agreed with our recommendation.

**Corrective Action:** Operations is working with Systems on the volume of cases. SSA is still in the process of developing a plan of action. The Agency does not have a proposed completion date at this time.

### THE SOCIAL SECURITY ADMINISTRATION'S USE OF THE TREASURY OFFSET PROGRAM (A-04-14-14104, 7/2/15)

**Results of Review:** Our review found that SSA properly referred delinquent debts 10 years and older to Treasury, as provided for under current laws and regulations. SSA's External Collection Operation system also correctly selected and referred debts to Treasury according to its policies and procedures and prevented the selection of 700 debts because of discrepancies in SSA benefit records.

For those debts referred to Treasury, SSA mailed debtors a pre-offset notice to the last known address in the Agency's records, as authorized by Treasury regulations. However, of the 264,558 10-year and older delinquent debts referred to Treasury, 7,580 (2.9 percent) debtors had a Treasury Offset Program (TOP) offset after the U.S. Postal Service returned the debtors' pre-offset notices as undeliverable. For these debtors, the offset occurred because SSA experienced delays in recording the undeliverable notice information into its system. SSA took action to contact affected debtors and offered a refund of their offset.

For the 152,462 initial pre-offset notices returned to SSA as undeliverable, SSA requested an updated address from its address verification contractor. Before SSA resumes its referral of delinquent debts 10-years and older, it needs valid addresses for 67,789 debtors and needs to mail an initial pre-offset notice to 76,747 debtors. SSA stated it will seek a valid address, if it decides to resume referring the delinquent 10-year and older debts to TOP. Moreover, the pre-offset notices for these debts contained limited information about the debt. We believe that the information was insufficient for the debtor to recall the debt and the circumstances surrounding the debt.

**Recommendation:** Resolve the record discrepancies for the 700 debts to ensure that eligible debts are selected by the External Collection Operation and referred to TOP.

**Agency Response:** SSA agreed with our recommendation.

**Corrective Action:** All cases, except Beneficiary Identification Code C (BIC C) cases, have been completed. A legislative proposal in the FY 2017 President's Budget addresses TOP for certain debtors, including BIC Cs. SSA has resumed TOP for adult debtors with debts less than 10 years. The Agency is still awaiting a decision for whether it will process these BIC C cases. Separately, SSA is aware of recent Agency-level discussions with the Department of Justice (DOJ), the Department of the Treasury, and the Office of Management and Budget (OMB) proposing that debts, which became 10 or more years delinquent on or before May 19, 2012, are ineligible for debt collection via TOP. Once SSA learns of any formal decision, it will pursue a plan to address these debts accordingly.

### QUALIFYING FOR DISABILITY BENEFITS IN PUERTO RICO BASED ON AN INABILITY TO SPEAK ENGLISH (A-12-13-13062, 4/3/15)

**Results of Review:** SSA has applied the medical-vocational guidelines nationally and does not make exceptions for claimants who reside in Puerto Rico where both Spanish and English are the official languages. The guidelines assume individuals who are unable to communicate in English are limited in their ability to find a job in the regional or national economy where English is the predominant language, even though residents of Puerto Rico may be able to find local work with their Spanish-speaking skills.

While the Agency had incomplete management information (MI) on claimants allowed using the grid rules related to an inability to communicate in English, we identified 244 cases in Puerto Rico from Calendar Year 2011 to 2013 where DDSs used the aforementioned grid rules to grant benefits. Moreover, about 4 percent of the hearings we sampled involved these same grid rules.

SSA is preparing to issue an Advanced Notice of Proposed Rulemaking (NPRM) on the need to update the medical-vocational guidelines. This process should lead to changes in how the Agency considers factors that may affect a claimant's ability to adjust to other work in the economy. SSA may also want to review other interpretations of the grid rules. For example, a U.S. District Court's earlier judgment, upheld by a U.S. Court of Appeals, found that, usually, it is the ability to communicate in Spanish, not English, which is vocationally important in Puerto Rico.

**Recommendation:** Evaluate the appropriateness of the grid rules related to an inability to communicate in English when determining eligibility for disability benefits in circumstances such as those we identified in our audit.

**Agency Response:** The Agency agreed with our recommendation.

**Corrective Action:** SSA is pursuing an evidence-based approach to updating the grids to ensure it remains current with changes in medical and vocational practice, technology, and the work force. The Agency has done extensive outreach and gathered research findings and data for consideration. SSA established the multi-component Vocational Regulations Modernization (VRM) Workgroup in May 2015 to begin the process of reviewing its vocational factors, and the Medical-Vocational Guidelines, to determine how it should consider these factors. The VRM Workgroup concluded its work in July 2016 and issued preliminary recommendations for modernizing SSA's vocational factors. SSA also published an Advance (NPRM) in the Federal Register on September 14, 2015 soliciting public comments on how the Agency should consider the vocational factors of age, education, and past work experience to determine whether changes to modernize its vocational rules are warranted. This initiative includes evaluation of the appropriateness of the grid rules related to an inability to communicate in English when determining eligibility for disability benefits. SSA is now planning targeted research to support the NPRM. SSA expects to complete research and associated rulemaking processes by FY 2019.

#### **FOLLOW-UP: COLLECTION OF CIVIL MONETARY PENALTIES (A-06-14-14047, 3/10/15)**

**Results of Review:** Section 1140 CMP collection efforts were effective. All \$526,000 in CMPs imposed during the audit period were collected in full.

SSA's section 1129 CMP collection efforts still require improvement. SSA made progress collecting unpaid balances from the 50 randomly selected CMPs included in our prior review but had not effectively addressed collection errors identified during our 2011 audit. SSA also had not developed a database to track and monitor CMP cases or provide periodic reports to SSA management on the status of CMP collection activities.

Our review of 50 randomly selected CMPs imposed from January 2010 through December 2012 indicated that SSA collected only 13 percent of the amounts imposed. Based on our sample results, we estimate that SSA had not initiated any collection action on approximately \$1.6 million of the \$19 million in CMPs imposed during that period.

SSA did not always collect CMP balances in accordance with approved collection terms from individuals who received SSA payments. Further, SSA did not initiate alternative collection action against individuals who did not receive SSA payments or voluntarily remit CMP restitution. Addressing and correcting these discrepancies could improve CMP recoveries.

**Recommendation:** Pursue alternative methods to collect section 1129 CMP balances due from individuals who do not receive SSA payments or voluntarily remit restitution.

**Agency Response:** SSA agreed with our recommendation.

**Corrective Action:** SSA drafted an NPRM that provides the authority to use external collection tools for collection of delinquent CMPs. The Agency is still awaiting the Office of General Counsel's feedback. After the draft undergoes legal review, it will issue the NPRM for public comment.

**DISABLED BENEFICIARIES WHO ARE ELIGIBLE FOR HIGHER RETIREMENT BENEFITS (A-09-13-23054, 1/30/15)**

**Results of Review:** SSA needs to improve its controls to ensure that it notifies disabled beneficiaries when they are eligible for higher retirement benefits. Based on our random sample, we estimate that 17,137 disabled beneficiaries were eligible for higher retirement benefits totaling approximately \$105.6 million.

This occurred because SSA employees did not inform disabled beneficiaries when they were eligible for the higher retirement benefits or document the reasons beneficiaries did not elect higher retirement benefits, as required.

**Recommendation:** Improve controls to ensure that disabled beneficiaries are informed when they are eligible for higher retirement benefits or document the reason beneficiaries did not elect higher retirement benefits.

**Agency Response:** SSA agreed with our recommendation.

**Corrective Action:** The PE Workgroup continues to consider this recommendation as part of its ongoing activities.

**REPRESENTATIVE PAYEE SELECTIONS PENDING IN THE REPRESENTATIVE PAYEE SYSTEM (A-09-12-11252, 2/27/2014)**

**Results of Review:** SSA did not always resolve representative payee selections that were pending in its Representative Payee System (RPS). Based on our random sample, we estimate that SSA

- Did not resolve the representative payee selections for 29,092 beneficiaries. Of these, SSA paid \$132.5 million in benefits to someone other than the selected representative payees for 8,951 beneficiaries.
- Improperly changed the representative payee selections to a non-selected status for 20,141 beneficiaries. Of these, SSA paid \$265 million in benefits to someone other than the selected representative payees for 11,749 beneficiaries.
- Incorrectly recorded beneficiary information in RPS for 5,595 beneficiaries.
- Did not timely resolve the representative payee selections for 17,343 beneficiaries.

**Recommendation:** Determine whether it should modify the RPS clean-up operation to ensure that it does not improperly change representative payee selections to a non-selected status.

**Agency Response:** SSA agreed with the recommendation.

**Corrective Action:** SSA has not run the RPS clean-up operation since the electronic Representative Payee System (eRPS) was implemented in April 2016. It does not plan to run the clean-up operation until later in FY 2017 because of higher priorities. In addition, SSA's developers are writing new code before the process is run again.

**SUPPLEMENTAL SECURITY INCOME TELEPHONE WAGE REPORTING (A-15-12-11233, 2/6/2014)**

**Results of Review:** We determined Supplemental Security Income Telephone Wage Reporting (SSITWR) effectively received and processed wages reported via the telephone, and SSA accurately posted those reported wages to the Supplemental Security Record and the Modernized Supplemental Security Income Claims System. Although SSA reduced improper payments since it implemented SSITWR, information was not available to correlate the reduction with this new process.

Additionally, we noted the following items, which we believe SSA should address.

For the period September 1, 2011 to August 31, 2012, we identified 7,498 duplicate SSITWR transactions; however, these transactions did not affect the benefit payments since SSA only posted the most recent transaction to the recipient's record.

We determined that 22 of 50 randomly sampled SSI recipients, their representative payees, and deemors, regardless of their association with SSITWR, did not report wages and incurred overpayments totaling \$21,388. The purpose of this comparison was to determine the importance of timely wage reporting.

We determined that SSA did not include language in the SSI overpayment notices, due to wages, to inform the individuals about the different methods available to report their wages.

**Recommendation:** Adopt a process to identify and report unique SSITWR classifications (for example, wage reports, wage reporters, wage earners, users, usage, etc.) for a specified period.

**Agency Response:** SSA agreed with the recommendation.

**Corrective Action:** MI reports for Supplemental Security Income Mobile Wage Reporting (SSIMWR) and SSITWR are being incorporated into BBA 826. The release date is September 23, 2017. Those MI data elements that cannot be included in the first release will be added in subsequent releases.

**REPRESENTATIVE PAYEES AND BENEFICIARIES WHO WERE RESIDING IN DIFFERENT STATES (A-02-14-14044, 8/27/2014)**

**Results of Review:** Based on our observations during our visit, we believe that the representative payees were using beneficiaries' benefits to meet their food, clothing, and shelter needs in all but two cases. We referred these two cases to SSA to determine whether the representative payees were suitable to manage benefits for the beneficiaries they represented. SSA has taken action on one of these cases. Additionally, we were unable to determine whether 41 (23 percent) of the beneficiaries' needs were being met because the representative payees or their beneficiaries refused to participate in our review or we were unable to contact them. We also found that SSA did not mail Representative Payee Reports to all representative payees, as required, and did not always follow up with representative payees who did not submit their accounting reports.

**Recommendation:** Determine whether additional oversight is required for representative payees who reside in a State different from the beneficiaries they represent based on any action taken in response to Recommendations 1 and 2.



**Agency Response:** SSA agreed with the recommendation.

**Corrective Action:** The first phase of eRPS was released in April 2016; the system alert referenced in this recommendation will not be implemented until a later system release date. The date of the release is still to be determined.

### **SUBSEQUENT APPELLATE ACTIONS ON DENIALS ISSUED BY LOW-ALLOWANCE ADMINISTRATIVE LAW JUDGES (A-12-13-13084, 7/3/2014)**

**Results of Review:** While ALJs decisions on cases may differ for various reasons, including qualified decisional independence, the rate of subsequent actions on denied cases should be relatively consistent among ALJs. Remand and reversal rates on appealed cases can provide indications about the quality of an ALJ's decisions. In addition, time spent processing such cases delays final decisions for affected claimants and reduces the time available for other cases awaiting processing.

For the 12 low-allowance ALJs, we found the following related to their Title II workloads.

- Four had at least 80 percent of their denied cases appealed to the Appeals Council (AC), compared to the 67-percent national average. For instance, 84 percent of one ALJ's denied cases were appealed to the AC.
- Six ALJs had AC reversal rates that were more than twice the 2-percent national average. For instance, one ALJ had a 10-percent reversal rate, 5 times the national average.
- One ALJ had a 42-percent AC remand rate, more than twice the 19-percent national average. Overall, the AC remanded the ALJs' decisions at about the same rate as the national average.

ODAR implemented several tools to track ALJ and hearing office performance. However, we believe that ODAR could further improve management oversight by

- Informing ALJs about the reasons for AC reversals;
- Monitoring AC reversal trends to identify ALJs who have high reversal rates; and
- Tracking subsequent ALJ actions on remanded cases.

**Recommendation:** Monitor ALJ decisions on AC remands to identify outlier behavior that may require additional management attention.

**Agency Response:** SSA agreed with the recommendation.

**Corrective Action:** As SSA expects budgetary uncertainty and significant limitations on systems resources to continue in FY 2017, it is unable to provide an estimated timeframe for completion at this time.

## **SIGNIFICANT NON-MONETARY RECOMMENDATIONS FROM PRIOR SEMI-ANNUAL REPORT TO CONGRESS FOR WHICH RECENT CORRECTIVE ACTION HAS BEEN MADE**

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**SUPPLEMENTAL SECURITY INCOME OVERPAYMENTS PENDING A COLLECTION DETERMINATION BY THE SOCIAL SECURITY ADMINISTRATION (A-07-15-15030, 9/22/15)**

**Results of Review:** From a sample of 100 overpayments for individuals who were not receiving SSI payments, we found SSA had partially collected 8, was unable to collect 7 because of legal or policy restrictions, and took action to collect 58 (it appeared SSA could have taken additional actions for 7 of these 58). SSA had not taken any collection actions on the remaining 27 overpayments since December 31, 2013. Accordingly, we project SSA had not taken recent actions to collect 16,240 overpayments, totaling more than \$128 million.

From a sample of 50 overpayments for individuals who were receiving SSI payments, we found SSA had partially collected 2, was unable to collect 4 because of legal or policy restrictions, and took action to collect 3. Further, SSA had not taken appropriate action since December 31, 2013 for one overpayment. SSA combined the remaining 40 overpayments with the recipients' prior and subsequent overpayments and was withholding all or a portion of the recipients' SSI payments to recover the total debt.

**Recommendation:** Take appropriate actions to collect the seven overpayments to individuals no longer receiving SSI payments where it appeared SSA could have taken additional collection actions.

**Agency Response:** SSA agreed with our recommendation.

**Corrective Action:** All corrective actions were completed on the seven cases on 11/15/2016.

**IMPROPER PAYMENTS RESULTING FROM UNRESOLVED DELAYED CLAIMANTS (A-09-12-22100, 2/7/2014)**

**Results of Review:** Since we issued our 2009 audit, SSA reduced the number of unresolved delayed claimants. However, our current review found that SSA's controls did not always ensure that it properly resolved all delayed claimants. Based on our random sample, we estimate that if SSA

- Approves the auxiliary or survivor delayed claimants on 1,620 records, they would be due \$9.1 million; or
- Does not approve the delayed claimants, the currently entitled auxiliary beneficiaries on 1,710 records will be improperly paid about \$6.8 million.

We also estimate that SSA did not timely resolve the delayed claims for 2,730 records. This occurred because SSA employees did not (1) establish diaries for claimants placed in delayed status, (2) take appropriate action on the diaries when they matured, or (3) resolve alerts for delayed claimants.

**Recommendation:** Remind employees of the proper policies and procedures to establish and take action on diaries and alerts received for claimants in delayed status.

**Agency Response:** SSA agreed with the recommendation.

**Corrective Action:** The Deputy Commissioner for Retirement and Disability Policy and the Deputy Commissioner for Operations collaborated to draft delayed claimant Program Operations Manual System (POMS) in July and have incorporated the comments to post electronic inter-component review (eIRD). The eIRD officially closed for comment on September 26, 2016. SSA published POMS GN 01010.140 on January 31, 2017.

**STATE DISABILITY DETERMINATION SERVICES' EMPLOYEE AND CONTRACTOR SUITABILITY PROGRAM (A-15-11-21180, 12/21/2011)**

**Results of Review:** Although SSA had a limited policy in place that required a statewide criminal background check, we noted several vulnerable areas in the policy that could pose a risk to SSA data and systems. We found that State policy regarding suitability determinations for employees, contractors, and other DDS staff varied widely from State to State. Some States had yet to implement a policy requiring statewide criminal background checks. Additionally, we found that although most States had a policy in place for prospective employees, the policy did not require criminal background checks for existing employees.

SSA performed some oversight of the DDS suitability process. Regional Office staff should review the DDS' self-assessments, but beyond this, Regional Office staff stated they leave the suitability determinations to the DDSs. According to SSA, Regional Office staff is responsible for conducting the day-to-day monitoring of the DDSs.

**Recommendation:** Require all individuals with access to SSA systems and data to have an appropriate suitability determination consistent with the requirements of SSA's suitability program.

**Agency Response:** SSA agreed with the recommendation.

**Corrective Action:** Full implementation of Homeland Security Presidential Directive-12 rollout to all DDS employees was completed on December 22, 2016. This completed all current DDS employees as of the first site visit. All DDSs now follow the New Hire Business Process for credentialing for all employees and contractors. Mandatory use of Personal Identity Verification cards and enrollment in Enterprise Single Sign-On for all DDSs was completed on January 30, 2017.

## APPENDIX H: OPEN RECOMMENDATIONS AND REPORTS WITH UNIMPLEMENTED RECOMMENDATIONS

SSA/OIG has open recommendations dating back to FY1999. All recommendations from years prior to FY1999 are closed. In addition, there are no unimplemented recommendations from FY2000, FYs 2002-2003, FYs 2005-2007, and FY2010. The chart below identifies the number of reports with unimplemented recommendations by year and the aggregate potential cost savings of those recommendations.

Year	Number of Reports with Unimplemented Recommendations	Number of Unimplemented Recommendations	Dollar Value of Aggregate Potential Cost Savings
1999	2	2	\$0
2001	1	1	\$0
2004	1	1	\$0
2008	2	2	\$138,000,000
2009	1	1	\$0
2011	3	3	\$22,855,376
2012	7	7	\$137,449,098
2013	9	9	\$350,971,565
2014	17	28	\$77,247,789
2015	21	36	\$3,632,598,191
2016	26	55	\$721,846,708
<b>Total</b>	<b>90</b>	<b>145</b>	<b>\$5,080,968,727</b>

Below is additional detail for each report included in the Number of Reports column above containing an outstanding unimplemented recommendation. These report summaries can be found on our website, <https://oig.ssa.gov>.

Report Title	Report Number	Report Issued
<b>1999</b>		
The President's Council on Integrity and Efficiency Review of Non-Tax Delinquent Debt	A-15-99-52002	7/6/1999
Employee Access to Title XVI Computer Applications and Data	A-13-98-12009	9/24/1999
<b>2001</b>		
Approval of Claimant Representatives and Fees Paid to Attorneys	A-12-00-10027	8/21/2001
<b>2004</b>		
Conserved Funds for Deceased Beneficiaries with Non-Related Representative Payees	A-13-03-23085	3/18/2004
<b>2008</b>		
Controls over Miscellaneous Payments Made Through the Single Payment System	A-09-07-17119	10/25/2007
Ticket to Work and Self-Sufficiency Program Cost Effectiveness	A-02-07-17048	8/11/2008
<b>2009</b>		
The Social Security Administration's Wage Reconciliation Process with the Internal Revenue Service	A-03-08-18069	6/16/2009
<b>2011</b>		
Recovery of Title II Payments Issued After Beneficiaries' Deaths	A-09-10-11037	1/4/2011
Title II Beneficiaries Whose Benefits Have Been Suspended and Who Have a Date of Death on the Numident	A-09-10-10117	4/28/2011
Collection of Civil Monetary Penalties	A-06-11-11136	8/12/2011
<b>2012</b>		
Controls for Issuing Social Security Number Printouts	A-04-11-11105	12/13/2011
State Disability Determination Services' Employee and Contractor Suitability Program	A-15-11-21180	12/21/2011
Annual Earnings Test Underpayments Payable to Beneficiaries	A-09-11-11128	4/6/2012
The Social Security Administration's Software Modernization and Use of Common Business Oriented Language	A-14-11-11132	5/17/2012

Title II Deceased Beneficiaries Who Do Not Have Death Information on the Numident	A-09-11-21171	7/9/2012
Beneficiaries Who Had Not Cashed their Social Security Checks Within 1 Year	A-09-10-20133	7/19/2012
The Physical Security of the Social Security Administration's Contractor Owned and Operated Off-site Storage Facility	A-14-12-11227	9/14/2012
<b>2013</b>		
Benefit Payments Managed by Representative Payees of Children in Pennsylvania's State Foster Care Programs	A-13-12-11245	12/4/2012
Deceased Beneficiaries Who Had Different Dates of Death on the Social Security Administration's Numident and Payment Records	A-09-12-11220	12/10/2012
Accumulated Funds Payable to Beneficiaries or Their Representative Payees	A-09-12-21236	12/11/2012
Direct Deposit Changes Initiated Through Financial Institutions and the Social Security Administration's Internet and Automated 800-Number Applications (Limited Distribution)	A-14-12-21271	12/20/2012
Dually Entitled Beneficiaries Who Are Subject to the Windfall Elimination Provision and Government Pension Offset	A-09-12-11210	1/31/2013
Access Controls for the Social Security Number Verification Service	A-03-12-11204	4/18/2013
Title XVI Deceased Recipients Who Do Not Have Death Information on the Numident	A-09-12-22132	5/3/2013
Child Support and the Supplemental Security Income Program	A-01-12-11219	7/25/2013
Social Security Numbers on Notices in the Online Retrieval System	A-02-13-13040	9/27/2013
<b>2014</b>		
Supplemental Security Income Telephone Wage Reporting	A-15-12-11233	2/6/2014
Representative Payee Selections Pending in the Representative Payee System	A-09-12-11252	2/27/2014
Improper Use of Children's Social Security Numbers	A-03-12-21269	3/31/2014
Supplemental Security Income Recipients Who Had Not Cashed Their Checks Within 1 Year	A-09-13-23023	4/7/2014

Accuracy of Auxiliary Payments to Children after Divorce	A-13-11-21100	5/12/2014
Non-receipt of Social Security Benefits Due to Unauthorized Direct Deposit Changes	A-02-13-23004	5/13/2014
The Medical Improvement Review Standard During Continuing Disability Reviews	A-01-13-23065	5/19/2014
Spousal Beneficiaries Whose Government Pension Offset Has Stopped	A-09-13-23049	5/27/2014
Access Controls over the Business Services Online (Limited Distribution)	A-03-13-13015	6/5/2014
Subsequent Appellate Actions on Denials Issued by Low-Allowance Administrative Law Judges	A-12-13-13084	7/3/2014
Payments to Individuals with Deaths Reported in California from 1980 to 1987	A-06-14-21416	8/14/2014
Accrued Benefits Payable on Behalf of Deceased Beneficiaries	A-09-14-14034	8/20/2014
Representative Payees and Beneficiaries Who Were Residing in Different States	A-02-14-14044	8/27/2014
Payment Accuracy of Dually Entitled Title II Beneficiaries	A-04-13-13014	8/27/2014
The Social Security Administration's Affordable Care Act – Health Insurance Exchange Social Security Number Verification Process (Limited Distribution)	A-08-14-14060	8/28/2014
Auxiliary Beneficiaries Who Do Not Have Their Own Social Security Number	A-01-14-14036	9/29/2014
Controls over Claimant Representative Fee Petition Payments	A-05-13-13061	9/29/2014
<b>2015</b>		
The Social Security Administration's Access to Financial Institutions Program (Limited Distribution)	A-01-13-13069	12/5/2014
Underpayments Payable to Terminated Title II Beneficiaries	A-09-13-23099	12/17/2014
Self-employment Earnings Removed from the Master Earnings File (Limited Distribution)	A-06-12-12123	1/30/2015
Disabled Beneficiaries Who Are Eligible for Higher Retirement Benefits	A-09-13-23054	1/30/2015

The Social Security Administration's Pre-release Procedures of Institutionalized Individuals	A-02-14-24085	2/3/2015
Follow-up: Collection of Civil Monetary Penalties	A-06-14-14047	3/10/2015
Payments Deposited into Bank Accounts After Beneficiaries Are Deceased	A-02-13-13052	3/11/2015
Qualifying for Disability Benefits in Puerto Rico Based on an Inability to Speak English	A-12-13-13062	4/3/2015
Using Medicare Data to Identify Disabled Individuals Who Are Deceased	A-08-13-13038	4/7/2015
Fraud Risk Performance Audit of the Social Security Administration's Disability Programs (Limited Distribution)	A-15-15-25002	4/29/2015
Observations and Recommendations for the Disability Case Processing System (Limited Distribution)	A-14-15-50008	5/4/2015
Reimbursement for Data Exchanges with Third Parties	A-03-14-24027	5/8/2015
Controls over "Special Payment Amount" Overpayments for Title II Beneficiaries	A-09-13-23098	5/18/2015
Cost-benefit Analysis of Processing Low-dollar Overpayments	A-07-14-14065	7/1/2015
The Social Security Administration's Use of the Treasury Offset Program	A-04-14-14104	7/2/2015
Overpayment Waiver Requests Processed by Field Offices in Fiscal Years 2012 and 2013	A-07-15-35031	7/30/2015
Old-Age, Survivors and Disability Insurance Overpayments Pending Collection	A-02-15-35001	9/22/2015
Oversight of the Benefit Offset National Demonstration Project	A-04-14-14078	9/22/2015
Supplemental Security Income Overpayments Pending a Collection Determination by the Social Security Administration	A-07-15-15030	9/22/2015
Medical Denial Rates for Presumptive Disability Determinations	A-07-15-15032	9/23/2015
Performance Review of US Investigations Services, LLC (Limited Distribution)	A-15-15-25034	9/24/2015
<b>2016</b>		
Supplemental Security Income Recipients Receiving Payments in Bank Accounts Outside the United States	A-06-14-14037	10/19/2015



Accuracy of Disability Benefits to Beneficiaries Who Also Receive Federal Employees' Compensation Act Payments	A-02-15-22114	11/13/2015
Colorado Disability Determinations Service Administrative Cost Reporting	A-06-15-50033	12/31/2015
Retirement Claim Denials Because of Lack of Insured Status	A-09-14-34107	1/28/2016
Higher Retirement Benefits Payable to Families of Disabled Beneficiaries	A-09-14-34080	2/2/2016
Households With Multiple Children Receiving Supplemental Security Income Payments Because of Mental Impairments	A-08-14-14098	3/2/2016
Old-Age, Survivors and Disability Insurance Benefits Withheld Pending a Windfall Offset Determination	A-09-15-15041	3/21/2016
Underpayments Payable to Widow(er)s Eligible for a Higher Monthly Benefit Amount	A-09-14-34103	4/11/2016
Manually Posted Supplemental Security Income Overpayments to Surviving Spouses	A-13-14-14058	4/20/2016
Social Security Administration Correspondence Containing Full Social Security Numbers	A-04-15-50070	4/27/2016
Concurrently Entitled Beneficiaries Receiving Representative Payee and Direct Payments	A-09-16-50093	5/5/2016
The Social Security Administration's Fiscal Year 2014 Government Purchase Card Program	A-13-15-50038	5/10/2016
Workload Oversight in the Miami Hearing Office (Limited Distribution)	A-12-15-50041	6/9/2016
Electronic Bench Book	A-01-12-11217	6/21/2016
Single Audit of the State of Indiana for the Fiscal Year Ended June 30, 2015	A-77-16-00007	8/4/2016
Payments to Individuals Incarcerated in Texas Department of Criminal Justice Facilities	A-06-15-50017	8/9/2016
Beneficiaries Serving as Representative Payees Who Have a Representative Payee	A-09-16-50109	8/10/2016
Single Audit of the State of Washington for the Fiscal Year Ended June 30, 2015	A-77-16-00010	8/23/2016
Benefits Payable to Child Beneficiaries Whose Benefits Were Withheld Pending the Selection of a Representative Payee	A-09-16-50088	9/23/2016

Accuracy of the Social Security Administration's Manual Billing Process to Collect Medicare Premiums	A-07-16-50135	9/23/2016
The Social Security Administration's Plan to Achieve Self-Support Program	A-08-16-50030	9/27/2016
Numident Death Information Not Included on the Death Master File	A-06-16-50069	9/28/2016
Old-Age, Survivors and Disability Insurance Benefits Affected by Federal Pensions	A-13-16-23006	9/29/2016
Access to the Social Security Administration's my Social Security Online Services (Limited Distribution)	A-14-15-15010	9/29/2016
Using Medical Claim Data to Identify Aged Title XVI Recipients Who Are Deceased	A-08-14-24122	9/30/2016
Compassionate And REsponsive Service Plan to Reduce Pending Hearings	A-05-16-50167	9/30/2016

## **REPORTS WITH RECOMMENDATIONS ISSUED BY SEPTEMBER 30, 2016 FOR WHICH NO MANAGEMENT DECISION HAD BEEN MADE BY THE END OF THIS REPORTING PERIOD**

Nothing to report.

## **REPORTS FOR WHICH NO ESTABLISHMENT COMMENT WAS RETURNED WITHIN 60 DAYS OF BEING PROVIDED THE REPORT**

During this reporting period, SSA responded to all reports issued to it for comment within 60 days.

## **APPENDIX I: CLOSED AUDITS AND INVESTIGATIONS NOT AVAILABLE TO THE PUBLIC**

### **OFFICE OF AUDIT**

For this reporting period, we did not have any reviews not made available to the public.

However, with respect to audits and evaluations, we issued one report as "limited distribution" during this timeframe:

- ***The Social Security Administration's Compliance with the Federal Information Security Modernization Act of 2014 for Fiscal Year 2016 (A-14-17-50151)***- issued November 2016

While we did not make the full report available to the public due to security concerns, we published the title, issue date, and a summary for this review on our website in an effort to be as transparent as possible.

### **OFFICE OF INVESTIGATIONS**

#### **HEARING OFFICE CHIEF ADMINISTRATIVE LAW JUDGE FOUND TO HAVE ACCESSED SEXUALLY EXPLICIT MATERIAL ON GOVERNMENT COMPUTER**

We initiated an investigation of a Hearing Office Chief Administrative Law Judge (HOCALJ), based upon an allegation that the HOCALJ's government laptop computer contained inappropriate images, to include some possible child pornography. The investigation found that the HOCALJ used the government laptop during work hours to search and view sexually explicit images. The suspect images were shared with the National Center for Missing and Exploited Children who determined that the images were not of previously known child pornography. In January 2017, the case was presented to the U.S. Attorney's Office, who determined that the suspect images were not prosecutable as child pornography, therefore declining criminal prosecution of the case. The facts of the case were referred to SSA for administrative action. The HOCALJ subsequently retired from SSA.

## APPENDIX J: PEER REVIEWS

### OFFICE OF AUDIT

Our Office of Audit is required to undergo a peer review every three years, in accordance with generally accepted Government auditing standards.

- The final System Review Report related to our last peer review, conducted by the General Services Administration (GSA), was issued in September 2015. We received a rating of “pass,” which means that the review team concluded that the system of quality control for the audit organization had been suitably designed and complied with, to provide us with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. The GSA OIG identified no deficiencies that affected the nature of the report. Further, there were no findings or recommendations as a result of this peer review.
- During FY 2015, we conducted a peer review of the Environmental Protection Agency OIG Audit Organization. We issued our report on June 12, 2015 and made no recommendations as a result of this peer review.
- There are no outstanding recommendations from prior audit peer reviews completed by us, or from prior reviews of our organization.

### OFFICE OF INVESTIGATIONS

Our Office of Investigations (OI) is required to undergo a peer review every three years to ensure general and qualitative standards comply with the requirements of the Quality Standards for Investigations adopted by the Council of the Inspectors General on Integrity and Efficiency (CIGIE). The peer review also ascertains whether adequate internal safeguards and management procedures exist to ensure that the law enforcement powers conferred by the 2002 amendments to the *Inspector General Act* are properly exercised pursuant to Section 6(e) of the *Inspector General Act* (as amended) and the U.S. Attorney General Guidelines for OIGs with Statutory Law Enforcement Authority.

- During the reporting period, OI did not undergo a peer review.
- There are no outstanding recommendations from prior investigative peer reviews completed by us or from prior reviews of our organization.

## APPENDIX K: REVIEW OF LEGISLATION & REGULATIONS

Section 4(a)(2) of the *Inspector General Act of 1978*, as amended, requires the SSA OIG to review existing and proposed legislation as well as regulations relating to SSA's programs and operations, and to make recommendations concerning impact on such programs or on the prevention of fraud and abuse. We accomplish this in several ways:

- Our audits and other reports evaluate SSA's compliance with existing laws and regulations.
- We recommend, when appropriate, issuing regulations or seeking appropriate legislative authority, and we provide a status of those recommendations in our *Semiannual Report to Congress*.
- We provide *Congressional Response Reports* in response to direct requests.
- We describe planned reviews in our annual Audit Work Plan that will address issues related to laws and regulations.
- We provide comments on pending or proposed legislation to SSA's Office of Legislation and Congressional Affairs, for inclusion in its agency response to the Office of Management and Budget.

In addition, SSA OIG is an active member of the Council of the Inspectors General on Integrity and Efficiency (CIGIE) Legislation Committee. In this role, we provide input to responses prepared by the committee to congressional staff on the impact of proposed legislation. During this period, we provided comments on a wide-range of legislative proposals covering various topics, including whistleblower protection, records modernization, personnel management and further amendments to the IG Act.

We also communicate directly with congressional staff as needed to discuss legislative issues relating to our work.

### **Bipartisan Budget Act of 2015 Implementation Activities**

As reported in previous *Semiannual Reports to Congress*, SSA OIG was successful in encouraging Congress, through legislative proposals, to include significant provisions combatting SSA disability fraud into the *Bipartisan Budget Act of 2015 (BBA)*, Pub. L. 114-74. The BBA, in part, amends:

- the *Federal Civil Penalties Inflation Adjustment Act of 1990* to allow for CMPs imposed under sections 1129 and 1140 of the *Social Security Act* to be adjusted for inflation pursuant to OMB guidelines.
- 42 U.S.C. §§ 408(a), 811(a), and 1632(a) to provide for a specific charge of conspiracy for a violation of these statutes and an increase of criminal penalties for individuals in a position of trust who defraud the SSA from 5 years to 10 years imprisonment.

During this period, we:

- reviewed and made significant recommendations on the initial annual notice for CMP penalties inflation, which was published in final in the Federal Register on December 29, 2016.
- worked with the Department of Justice, SSA and the U.S. Sentencing Commission to amend the

Federal sentencing guidelines to effectuate the BBA's new charge of conspiracy to commit SSA fraud and increased penalties for individuals in a position of trust. On December 9, 2016, the U.S. Sentencing Commission voted unanimously at its public meeting to publish the proposed BBA amendments to the Federal sentencing guidelines. Publication in the Federal Register occurred on December 19, 2016.

## APPENDIX L: WHISTLEBLOWER RETALIATION

Section 5(a)(20) of the *Inspector General Act of 1978*, as amended, requires the SSA OIG to provide a detailed description of any instance of whistleblower retaliation, including information about the official found to have engaged in retaliation and what, if any, consequences the establishment imposed to hold that official accountable.

### **Hearing Office Employees Allege Retaliation, Gross-Mismanagement, and ALJ Sexual Harassment and Bias**

The SSA OIG investigated complaints of reprisal from several employees in an SSA ODAR Hearing Office who claimed that agency managers retaliated against them after they disclosed misconduct of hearing office employees, including that management officials had engaged in hiring irregularities, and time and attendance fraud. The whistleblower allegations also included sexual harassment, and sexist and racist written comments that resulted in hearing decisions reflecting a systemic bias motivated by animus towards protected groups.

The investigation determined:

- Hiring decisions were largely unchecked, leaving the management official free to populate the office with friends and family members of current employees, increasing perceptions of favoritism and diminishing both employee morale and focus on the agency's public service mission.
- Hiring practices, which often included the manipulation of vacancy announcements to achieve a desired end, likely violated merit system principles resulting in prohibited personnel practices.
- No appointments violated Title 5 veterans' preferences, though one stated end was to avoid hiring veterans.
- Management officials' time and attendance practices violated both law and regulation, and set a tone for the office that misconduct by certain employees would be tolerated, and, in some instances, encouraged.
- The presence of racist and sexist written comments in hearing notes was known to many employees and managers in the office for years and went unaddressed; however, we did not find evidence of any systemic biases in written decisions involving protected groups.

The Office of the Special Counsel (OSC) has an open investigation related to these allegations; we sent our report to OSC for legal determinations related to reprisal and prohibited personnel practices. Prosecution was declined. We sent our report to SSA officials for their determination of appropriate administrative actions.

## **APPENDIX M: SSA INTERFERENCE WITH OIG INDEPENDENCE**

Section 5(a)(21) of the Inspector General Act of 1978, as amended, requires the SSA OIG to provide a detailed description of any attempt by the establishment to interfere with the independence of the OIG, including-(a) with budget constraints designed to limit the capabilities of the Office; and (b) incidents where the establishment has resisted or objected to oversight activities of the Office or restricted or significantly delayed access to information, including the justification of the establishment for such action.

During this reporting period we have nothing to report.



## GLOSSARY OF ACRONYMS

AAJ	administrative appeals judges
AC	Appeals Council
AFGE	American Federation of Government Employees
ALJ	Administrative Law Judge
AMFED	Allegation Management and Fugitive Enforcement Division
AO	Appeals Officers
APT	Average Processing Time
BIC C	Beneficiary Identification Code C
CARES	Compassionate And REsponsive Service
CAS	Cost Analysis System
CDI	Cooperative Disability Investigations
CDR	Continuing Disability Reviews
CIGIE	Counsel of Inspector Generals for Integrity and Efficiency
CMP	civil monetary penalty
CR	cost reimbursement
DCPS	Disability Case Processing System
DCRDP	Deputy Commissioner, Retirement and Disability Policy
DCS	Deputy Commissioner for Systems
DDS	Disability Determination Services
DFPS/CPS	Department of Family and Protective Services, Child Protective Services
DFT	Digital Forensics Team
DHS	Department of Homeland Security
DI	Disability Insurance
DITI	Division of Information Technology Integration
DMF	Death Master File
DOJ	Department of Justice
DQ	Division of Quality
DSHS	Department of Social and Health Services
EEO	Earnings Enforcement Operation
eIRD	electronic inter-component review
EMS	Early Monitoring System
EN	Employment Networks
eRPS	electronic Representative Payee System
FECA	Federal Employees' Compensation Act
FFS	fee-for-service
FO	field office

FY	fiscal year
GPO	Government Pension Offset
GSA	General Services Administration
HHS	Health and Human Services
HOCALJ	Hearing Office Chief Administrative Law Judge
HSPD	Homeland Security Presidential Directive
IG	Inspector General
IGEA	<i>Inspector General Empowerment Act</i> (
IO	Immediate Office
IRS	Internal Revenue Service
IT	Information Technology
MBR	Master Beneficiary Record
MEF	Master Earnings File
MI	Management Information
MNUP	Medical Non-Utilization Project
NPRM	Notice of Proposed Rulemaking
NICMS	National Investigative Case Management System
OA	Office of Audit
OASDI	Old-Age, Survivors and Disability Insurance
OCALJ	Office of the Chief Administrative Law Judge
OCIG	Office of Counsel to the Inspector General
OCRM	Office of Communications and Resource Management
ODAR	Office of Disability Adjudication and Review
ODD	Office of Disability Determinations
ODP	Office of Disability Policy
OESSI	Office of Electronic Services and Strategic Information
OI	Office of Investigations
OIG	Office of the Inspector General
OMB	Office of Management and Budget
OPE	Office of Personnel
OPM	Office of Personnel Management
OQI	Office of Quality Improvement
ORDP	Office of Retirement and Disability Policy
OSC	Office of Special Counsel
OTR	on-the-record
PC	Program Center
PE	Potential Entitlement
PER	Pre-effectuation Review
PII	Personally Identifiable Information

PIV	Personal Identification Verification
POMS	Program Operations Manual System
PRA	<i>Paperwork Reduction Act</i>
PSC	Program Service Center
RAU	Remittance and Accounting Unit
RETAP	Regular Transcript Attainment and Selection Pass
RI	Retirement Insurance
ROC	Recognition of Contribution
RPC	Request for Program Consultation
RPS	Representative Payee System
RSI	Retirement and Survivors Insurance
SAA	Senior Attorney Adjudicator
SITAR	Strategic Information Technology Assessment and Review
SPA	special payment amount
SSA	Social Security Administration
SSI	Supplemental Security Income
SSIMWR	Supplemental Security Income Mobile Wage Reporting
SSITWR	Supplemental Security Income Telephone Wage
SSN	Social Security number
SSR	Supplemental Security Record
SVRA	State Vocational Rehabilitation Agency
THHSC	Texas Health and Human Services Commission
Ticket Program	Ticket to Work and Self-Sufficiency Program
TOP	Treasury Offset Program
Treasury	Department of the Treasury
UDT	Unified Disability Training
VRM	Vocational Regulations Modernization
WEP	Windfall Elimination Provision