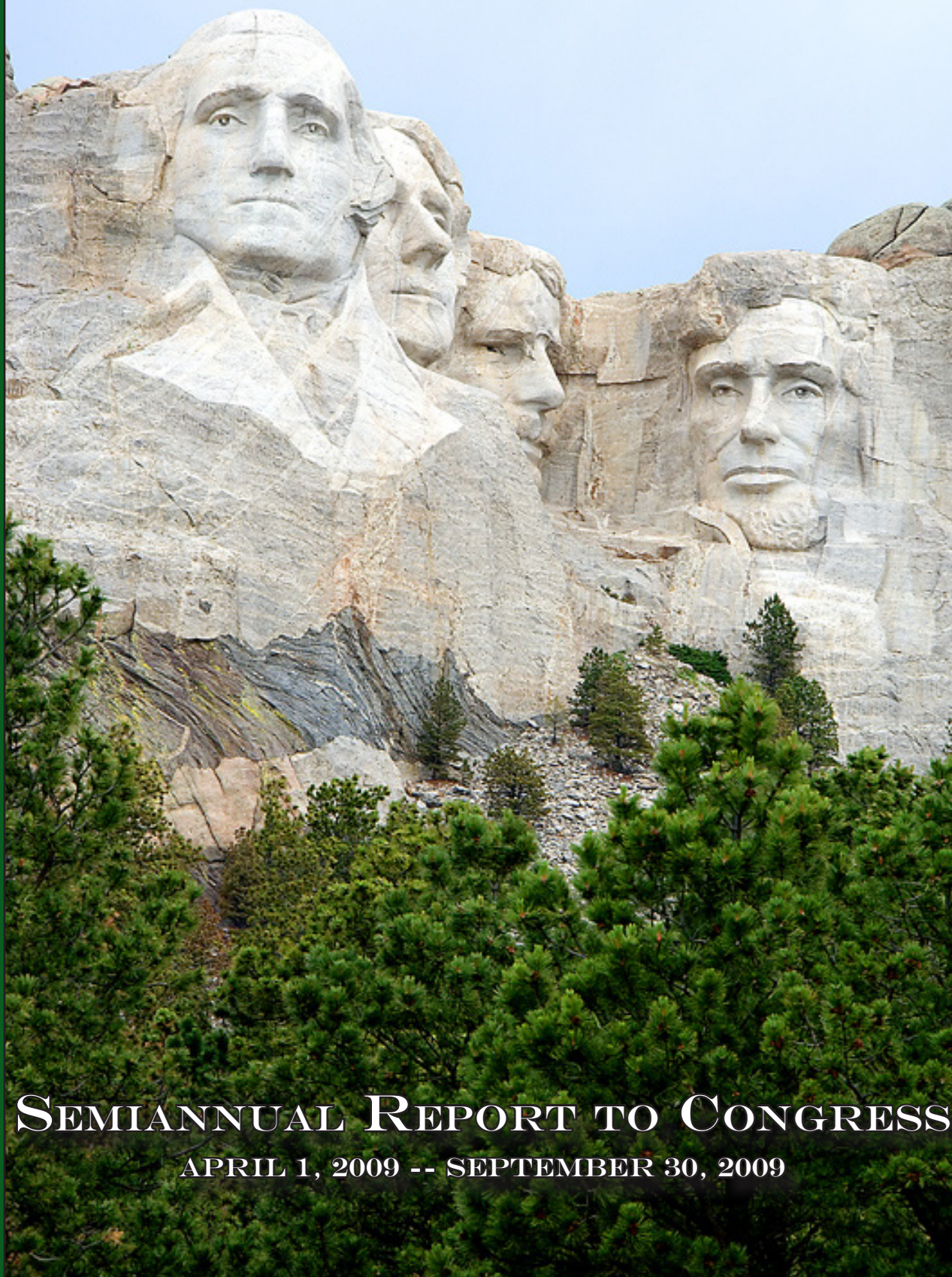


**SOCIAL SECURITY ADMINISTRATION
OFFICE OF THE INSPECTOR GENERAL**



SEMIANNUAL REPORT TO CONGRESS

APRIL 1, 2009 -- SEPTEMBER 30, 2009

**SOCIAL SECURITY ADMINISTRATION
OFFICE OF THE INSPECTOR GENERAL**

MISSION STATEMENT

**BY CONDUCTING INDEPENDENT AND OBJECTIVE
AUDITS, EVALUATIONS AND INVESTIGATIONS,
WE INSPIRE PUBLIC CONFIDENCE IN THE
INTEGRITY AND SECURITY OF SSA'S PROGRAMS
AND OPERATIONS AND PROTECT THEM AGAINST
FRAUD, WASTE, AND ABUSE. WE PROVIDE TIMELY,
USEFUL, AND RELIABLE INFORMATION AND ADVICE
TO ADMINISTRATION OFFICIALS, CONGRESS,
AND THE PUBLIC.**

VISION AND VALUES

**WE STRIVE FOR CONTINUAL IMPROVEMENT
IN SSA'S PROGRAMS, OPERATIONS,
AND MANAGEMENT BY PROACTIVELY SEEKING
NEW WAYS TO PREVENT AND DETER FRAUD, WASTE,
AND ABUSE. WE COMMIT TO INTEGRITY
AND EXCELLENCE BY SUPPORTING
AN ENVIRONMENT THAT PROVIDES
A VALUABLE PUBLIC SERVICE WHILE ENCOURAGING
EMPLOYEE DEVELOPMENT AND RETENTION
AND FOSTERING DIVERSITY AND INNOVATION.**



A MESSAGE FROM THE INSPECTOR GENERAL

The Social Security Administration Office of the Inspector General has as its core mission protecting and improving the Agency and its programs. That critical focus is necessary now more than ever, as the recovering United States economy has resulted in millions of Americans turning to our Social Security system as a reliable financial safety net.

In this *Semiannual Report to Congress*, covering the period April 1 through September 30, 2009, I am pleased to present to the 111th Congress our most significant audit, investigative, and legal accomplishments. Even during times of economic challenge and increasing workloads, we have maintained a focus on persistent management challenges like the disability backlog, as well as on high-priority investigations, such as those targeting disability applicants who exaggerate or lie about their physical and mental ailments and fraudulently receive benefits.



As aging Baby Boomers and others choose retirement, the number of retired workers who began collecting Social Security benefits jumped by a record 19 percent in fiscal year 2009, and disability claims rose 17 percent this year. Also during this reporting period, the Federal government issued the first economic recovery payments to people receiving Social Security benefits and Supplemental Security Income, as part of the *American Recovery and Reinvestment Act of 2009*. Congress also provided this office with funds for oversight and audit of programs, projects, and activities funded in this Act. Our audit work will assess whether funds were used for authorized purposes and will identify instances of fraud, waste, error, and abuse. Our audit work began in March 2009.

As the Social Security Administration provides program benefits to more and more Americans, this office's nearly 600 employees remain dedicated to inspiring confidence in the integrity and security of those programs, and work to protect them against fraud, waste, and abuse. These are challenging days, but I assure you that my office will continue to work with the Social Security Administration and the Congress to strengthen the programs that provide timely and accurate benefits to Americans who rely on them.

A handwritten signature in blue ink that reads "Patrick P. O'Carroll, Jr.".

Patrick P. O'Carroll, Jr.
Inspector General





SOCIAL SECURITY ADMINISTRATION OFFICE OF THE INSPECTOR GENERAL



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EXECUTIVE SUMMARY

This report presents the significant accomplishments of the Social Security Administration (SSA) Office of the Inspector General (OIG) from April 1, 2009 through September 30, 2009. The report is organized according to three major goals—impact, value, and people—set forth in the *OIG Strategic Plan: Fiscal Years 2006 – 2010, Fourth Edition*.

Impact

We work to have a positive impact on SSA programs and operations by enhancing their integrity, efficiency, and effectiveness. During this reporting period, we received more than 79,000 allegations from SSA employees, the Congress, the public, law enforcement agencies, and other sources. Our agents closed more than 3,700 criminal investigations, resulting in over 500 arrests, about 500 indictments and informations, and 900 criminal prosecutions (which includes convictions and pretrial diversions) and civil monetary penalty (CMP) assessments. During this reporting period, our agents also secured six indictments and three convictions for fraudulent activity related to Hurricanes Katrina and Rita, and continued to work with law enforcement agencies to arrest subjects identified through the Fugitive Felon Program. Highlighted investigations in this section relate to Social Security number (SSN) misuse, employee misconduct, and hurricane response efforts.

Our auditors also had a significant impact during this reporting period, issuing 66 reports and making recommendations on a wide variety of challenges facing the Agency. Our audit work over the past 6 months included reviews related to SSA's *Recovery Act* initiatives, representative payee oversight, and SSA's pilot project to assemble disability case folders electronically in preparation for hearings.

Value

Our organization strives to provide valuable products and services in a timely manner to Congress, SSA, and other key decision makers while sustaining a positive return for each tax dollar invested in OIG activities. During this reporting period, our auditors identified more than \$2.9 billion in questioned costs and more than \$4 billion in Federal funds that could be put to better use. Highlighted audits include a review of the financial impact of conducting fewer Supplemental Security Income (SSI) redeterminations, and SSA's progress in resolving unprocessed annual earnings enforcement selections.

In the second half of FY 2009, we are reporting over \$171 million in investigative accomplishments, with over \$26 million in SSA recoveries, restitution, fines, settlements, and judgments; and over \$144 million in projected savings from investigations resulting in the suspension or termination of benefits. In addition, we participated in multi-agency investigations that resulted in over \$17 million in savings, restitution, and recoveries for other agencies. Highlighted investigations in this section relate to representative payee fraud and concealment of work activity in order to collect disability benefits.

Our Cooperative Disability Investigations (CDI) Program continues to be one of our most successful initiatives, contributing to the integrity of SSA's disability programs. The efforts of our CDI Units during this reporting period resulted in more than \$121 million in SSA program savings.

During this reporting period, our attorneys initiated 49 CMP actions (Section 1129 cases) that involved false statements, representations, or omissions made in connection with obtaining or retaining benefits or payments under Titles II (Federal Old-Age, Survivors, and Disability Insurance Benefits) and XVI (Supplemental Security Income) of the *Social Security Act (the Act)*. Included in our investigative accomplishments above is nearly \$2.3 million in penalties and assessments that our attorneys imposed through our CMP program.



People

The collective efforts of our employees continue to be the driving force behind this organization’s success in achieving its mission. We provide an encouraging and rewarding work experience with the goal of retaining these exceptional individuals. OIG leadership fosters an environment where employees can realize their potential through training and developmental programs. OIG components convene training sessions to inform their employees about new procedures and share best practices.

In addition, the OIG Organizational Health Committee annually assesses employee satisfaction

levels and addresses employee concerns. The Agency and the Office of Personnel Management use a baseline of 65 percent of employees responding positively (e.g., strongly agree or agree) to measure the statistical strength of an organization. Using that definition of statistical strength, 12 of the 13 questions on the OIG survey had scores above 65 percent, demonstrating that the health of the OIG organization is strong. Question 12 of this survey asks “Considering everything, how satisfied are you with your job?” Eighty-two percent of our employees indicated that they are either satisfied or very satisfied with their job, which is significantly higher than the 70 percent rate reported for SSA employees.





INTRODUCTION TO OUR ORGANIZATION

The SSA OIG comprises the Immediate Office of the Inspector General and five major components: the Offices of Audit, Counsel, External Relations, Investigations, and Technology and Resource Management.

IMMEDIATE OFFICE OF THE INSPECTOR GENERAL

The Immediate Office of the Inspector General (IO) provides the Inspector General with staff assistance on the full range of his responsibilities. IO staff provides liaison with all agencies sharing common interests with OIG and ensures coordination with congressional committees, SSA, the Social Security Advisory Board, and the Council of Inspectors General on Integrity and Efficiency. IO includes the Office of Quality Assurance and Professional Responsibility (OQAPR), which performs two critical functions. First, it conducts exhaustive reviews of each of the OIG's component offices to ensure compliance with Federal laws and regulations, Agency policies, and relevant professional standards. Second, OQAPR conducts thorough and timely investigations into allegations of misconduct by an OIG employee.

OFFICE OF AUDIT

The Office of Audit (OA) conducts and supervises financial and performance audits of SSA programs and operations, and makes recommendations to ensure that program goals are achieved effectively and efficiently. Financial audits determine whether SSA's financial statements fairly present SSA's financial position, results of operations, and cash flow. Performance

audits review the economy, efficiency, and effectiveness of SSA's programs and operations. OA also conducts short-term management and program evaluations, and other projects on issues of concern to SSA, Congress, and the general public.

OFFICE OF THE COUNSEL TO THE INSPECTOR GENERAL

The Office of the Counsel to the Inspector General (OCIG) provides independent legal advice and counsel to the Inspector General on a wide range of issues, including statutes, regulations, legislation, and policy directives. OCIG also administers the CMP program, and advises the Inspector General on investigative procedures and techniques, as well as on the legal implications of audit and investigative affairs.

OFFICE OF EXTERNAL RELATIONS

The Office of External Relations (OER) develops the OIG's media and public information policies, directs OIG's external and public affairs programs, and handles congressional, media, and public requests for information. OER is responsible for preparing OIG publications and presentations to internal and external organizations, and coordinating the OIG's presence at SSA and other Federal events. In addition, OER prepares the OIG Semiannual Report to Congress and congressional testimony, and coordinates with SSA's Offices of Communications and Legislative and Regulatory Affairs.



OFFICE OF INVESTIGATIONS

The Office of Investigations (OI) conducts and coordinates investigative activity related to fraud, waste, abuse, and mismanagement in SSA programs and operations. This includes wrongdoing by applicants, beneficiaries, contractors, and third parties, as well as by SSA employees while performing their official duties. This office serves as the OIG's liaison to the DOJ on all matters relating to the investigation of SSA programs and personnel. OI also conducts joint investigations with other Federal, State, and local law enforcement agencies.

OFFICE OF TECHNOLOGY AND RESOURCE MANAGEMENT

The Office of Technology and Resource Management (OTRM) provides administrative support to the Inspector General and OIG components. OTRM formulates and executes the OIG budget, and is responsible for strategic planning, performance reporting, and facility and property management. OTRM manages a national human resources program and develops and maintains the OIG's administrative policies and procedures. OTRM also maintains hardware, software, and telecommunications networks to support the OIG's mission. Finally, OTRM manages the OIG's Allegation Management and Fugitive Enforcement Division and Electronic Crimes Division.





IMPACT

The first goal of the OIG Strategic Plan is Impact. We are committed to enhancing SSA's effectiveness and efficiency through our investigative, audit, and legal activities. We strive to have maximum impact on SSA's programs and operations to ensure their continued integrity and reliability.

During this reporting period, we completed numerous audits, investigations, and legal initiatives covering major SSA program and management areas, which had a significant impact on the detection and prevention of fraud, waste, and abuse. The summaries presented below are indicative of our work over the past 6 months.

AUDIT IMPACT INITIATIVES

OA contributes to this strategic goal by conducting and supervising comprehensive financial and performance audits and by making recommendations to maximize the effective operations of Social Security programs. These audits, along with short-term management and program evaluations, focus on those SSA programs and activities most vulnerable to fraud and abuse.

American Recovery and Reinvestment Act of 2009

On February 17, 2009, the President signed into law the *American Recovery and Reinvestment Act of 2009*, P.L. 111-5 (*Recovery Act*). The Administration is committed to investing *Recovery Act* funds with an unprecedented level of transparency and accountability so Americans know where their tax dollars are going and how they are being spent. SSA was provided funds under the *Recovery Act* in the following areas.

- + \$500 million designated for the replacement of SSA's National Computer Center (NCC);
- + \$500 million designated for processing disability and retirement workloads, and information technology acquisitions and research in support of these workloads; and,
- + \$90 million to reimburse costs for processing a one-time economic recovery payment (ERP) of \$250 to millions of qualified individuals receiving Social Security benefits and/or SSI.

Congress provided our office \$2 million to conduct oversight of SSA programs, projects, and activities funded by the *Recovery Act*. During this reporting period, we issued five reports related to the *Recovery Act*.

1) Economic Recovery Payments for Social Security and Supplemental Security Income Beneficiaries

Our review found that overall, SSA met its challenge of administering the ERPs mandated under the *Recovery Act*. In May 2009, SSA certified about \$13 billion in one-time payments to 52 million beneficiaries. At the time of our review, we found SSA had taken significant actions to properly identify eligible beneficiaries and develop the necessary systems and policy changes to ensure payments were disbursed in accordance with the provisions of the *Recovery Act*. In addition, we found that SSA's planned controls and procedures should reduce the significant risk of improper payments, fraud, waste, or abuse. On May 7, 2009, Treasury began disbursing the economic recovery payments to eligible beneficiaries—about 5 weeks before the statutory deadline.



2) Administrative Expenses Incurred to Provide Economic Recovery Payments

In this review, we reported that SSA implemented a comprehensive process to identify and report costs incurred to administer the ERPs. We believe SSA sufficiently addressed OMB's requirements for transparency and accountability in the use of the *Recovery Act* administrative funds. SSA was able to identify and track these expenditures separately from its regular appropriations, and timely submitted the required weekly reports summarizing the administrative costs incurred.

3) Funding for Health Information Technology under the *American Recovery and Reinvestment Act of 2009*

Of the \$500 million SSA received for processing disability and retirement workloads, the Agency can use up to \$40 million for health information technology (HIT) research and activities to facilitate the adoption of electronic medical records in disability claims. In our review, we reported that as of July 2009, SSA had developed a plan for spending the *Recovery Act* funds designated for HIT, and had established procedures to ensure the funds were spent appropriately. SSA plans to award \$24 million in fixed-price contracts by the end of January 2010. The Agency intends to award these contracts through fair and open competition to healthcare providers, networks, health information exchanges, and regional health information networks. Part of these funds will also be used for Information Technology (IT) contractor services to support the expansion of the MEGAHIT application - the "point-to-point" process to request and receive medical evidence through a standards-based electronic exchange of data - to these healthcare providers. Once these contracts are awarded, the Agency should continually reassess whether the Agency could manage more contracts or

whether additional funds should be used for HIT-related initiatives.

4) The Social Security Administration's Information Technology Strategic Planning

SSA was provided \$500 million designated for the replacement of its NCC. In a February 18, 2009 letter co-signed by Senators Baucus and Grassley, our assistance was requested to evaluate SSA's response to a Lockheed Martin study of the NCC and the Agency's efforts to strategically address future information systems needs.

In our review, we reported SSA needed to focus its efforts on (1) strengthening its IT strategic planning process and related documents; (2) identify ways to accelerate planning, constructing, and operating its new data center; (3) develop contingency plans for addressing its IT processing requirements and disaster recovery procedures in the event the Durham Service Center (DSC) and/or new data center are not operational in the scheduled timeframes; (4) use industry best practices to aid in its IT strategic planning; and (5) establish controls and a detailed strategy for timely maintenance, repairs, upgrades, and replacement of critical IT infrastructure in the new data center.

5) The Social Security Administration's Disaster Recovery Process (Limited Distribution)

This review evaluated SSA's current disaster recovery process in the event the NCC is unavailable. We determined that SSA's current disaster recovery plan is heavily dependent on the availability of a facility the Agency refers to as a hot site. Although SSA has an NCC disaster recovery plan in place, we believe SSA must consider the potential impact of the issues identified in the report, and devise a plan to ensure that SSA is best positioned to avoid an extended disruption of service affecting the Agency's ability to provide service to the public. The current state of the NCC places greater importance on a disaster recovery



plan. SSA's DSC has been designed with the capacity to expand both the number of mainframes and the power supply to support that expansion. We believe the Agency should expedite the use of the DSC for NCC disaster recovery purposes. The Agency expects the DSC to be fully functional in 2013.

Electronic File Assembly

SSA's Deputy Commissioner for the Office of Disability Adjudication and Review (ODAR) oversees SSA's national hearings and appeals operation of over 6,000 employees, including over 1,100 administrative law judges (ALJ). ODAR conducts due process hearings and appellate reviews, and issues decisions on appealed Retirement, Survivors, Disability, and SSI determinations. ODAR issues over 500,000 hearing decisions each year and is considered one of the largest administrative judicial systems in the world.

The number of disability cases awaiting a decision from an ALJ has risen from over 463,000 at the end of fiscal year (FY) 2002 to over 767,000 at the end of January 2009. To address this backlog, ODAR is implementing several initiatives intended to improve hearing office efficiency through the use of automation and improved business processes. Electronic file assembly (ePulling) was one of ODAR's initiatives intended to improve the file preparation process which has traditionally required manual organization of documents in the electronic folder. ODAR piloted ePulling at the National Hearing Center in Falls Church, Virginia, and five other hearing offices.

We conducted this review to (1) assess the results of SSA's ePulling pilot project and (2) determine whether the assessment procedures were effective in deciding when the ODAR hearing offices were ready to implement ePulling.

The results of the ePulling pilot project indicated that ODAR was facing challenges with the accuracy of the ePulling software, which was increasing ePulling's case preparation times. In addition, ODAR had not established a sufficient assessment methodology for measuring ePulling's impact on the hearings process. An assessment methodology is critical to future decisions on expanding the use of ePulling to other hearing offices.

We recommended that SSA: (1) perform a complete assessment of the ePulling pilot project results before expanding the use of ePulling to other hearing offices; (2) consider if historical data can corroborate or improve upon the current 3 hour case preparation time estimate used to assess ePulling's impact on hearing office productivity; and (3) determine whether the ePulling pilot testing should also include cases with more than 300 pages. SSA agreed with our recommendations, and in July 2009 SSA decided to end the ePulling initiative.

Aged Claims at the Hearing Level

Since FY 2000, hearing receipts have generally exceeded dispositions, resulting in increasing numbers of pending hearings and aging claims. There were 310,852 pending claims at the end of FY 2000; this number increased to 760,813 claims by the end of FY 2008. In FY 2007, the Agency began the Aged Claim initiative to process the oldest claims in the backlog.

At the beginning of FY 2009, approximately 38 percent of the pending claims exceeded 1 year in age, and about 4 percent exceeded 2 years. While the percent and number of aged claims over 1 year old had stabilized, the number of these claims was three times higher than it was at the end of FY 2002. ODAR managers said that (1) a lack of resources, (2) conflicting priorities in the past, and (3) misplaced or time-consuming claims have added to the backlog of aged claims.

We conducted this audit to (1) assess the age of the pending claims in the hearings backlog; (2) identify



obstacles that prevented claims from being processed timely; and (3) identify best practices to reduce the aged claim backlog. We found that the Aged Claim initiative has successfully targeted aged claims and focused hearing offices' efforts on this workload. In addition, ODAR has implemented related initiatives to assist regions and hearing offices in processing large aged workloads, such as service area realignments, permanent case transfers, and National Hearing Centers (NHC). As the NHCs expand their workloads, we believe they should be integrated with the aged case workload. Finally, the best practices that helped reduce aged claims included sustained leadership and focus, clear workload milestones, flexibility in moving workloads between offices, and use of management information reports.

We recommended SSA: (1) ensure sustained focus on working the oldest claims first; (2) instruct field office managers on the importance of providing claim folders to the hearing offices to allow for timely processing; and (3) as the NHCs expand their workload, ensure they are integrated into Agency efforts to minimize the volume of aged claims. The Agency concurred with our recommendations.

Quick Response Evaluation: Processing of Railroad Worker Disability Claims

The Railroad Retirement Board (RRB) provides railroad workers with two types of disability benefits—occupational (funded by RRB) and permanent (funded by RRB and SSA through the Financial Interchange). Occupational disability benefits are paid to workers who are unable to perform their regular railroad occupations. Permanent disability benefits are paid to workers who are totally disabled for all types of employment. For FY 2007, SSA transferred approximately \$418 million from the Disability Insurance (DI) Trust Fund to the RRB trust fund via the Financial Interchange process.

News articles alleged RRB made medical determinations for occupational disability cases based on questionable medical evidence submitted by applicants. While SSA does not reimburse RRB for occupational disability benefits, the allegations highlighted potential vulnerabilities within RRB's overall disability process. Our objective in conducting this review was to determine whether the DI Trust Fund was at risk due to the allegations of questionable medical evidence at RRB.

In our review, we found contradictory policies regarding SSA's performance of quality assurance reviews of railroad workers' claims. In addition, we found data related to the Financial Interchange had not been reviewed by SSA for about 7 years and no schedule for periodic reviews had been established by the Agency. Moreover, the disability Memorandum of Understanding (MOU) between SSA and RRB had not been modified since 1987, and portions were not being followed. An MOU covering the Financial Interchange process would also be useful. We also found SSA's Program Operations Manual System describing the processing of railroad claims was out of date. Finally, while RRB has changed the occupational disability review process because of the allegations, at the time of our review, RRB had not modified the permanent disability review process.

We believe SSA could improve the underlying policies and procedures, as well as increase oversight of the SSA/RRB disability determination and Financial Interchange processes. SSA management noted the Agency is initiating steps in a number of these areas to improve the overall process.



Congressional Response Report: The Social Security Administration's Oversight of Representative Payees

Senator Grassley requested information regarding SSA's oversight of representative payees, writing in a March 2009 letter, "As evidenced by recent media reports on SSA beneficiaries with representative payees, individuals with mental impairments can fall prey to mistreatment from others." Senator Grassley requested and we provided the following information.

- ✦ Unimplemented recommendations from prior OIG representative payee audits and evaluations.

Our prior audits and evaluations of representative payees and representative payee issues have found significant problems with payee performance and SSA oversight. In prior reports, we made numerous recommendations to improve SSA's Representative Payment Program. SSA has implemented most of our recommendations; however, some remain unimplemented. As of May 18, 2009, we continued to track 15 unimplemented representative payee recommendations made to SSA before March 31, 2009. SSA reported it continued to take action on these recommendations.

- ✦ Unimplemented recommendations made by the National Academies in its 2007 report on representative payees.

In July 2007, the National Research Council of the National Academies issued its report, "Improving the Social Security Representative Payee Program: Serving Beneficiaries and Minimizing Misuse." In addition to summarizing its survey results, the report contained conclusions and 28 recommendations. To respond to this question, we requested the Agency provide status for all the recommendations in the National Academies report. SSA reported the status for 19 of the 28 recommendations.

- ✦ Representative payees serving as a job placement or job referral service, or serving as employers to the beneficiaries they represent.

The Agency reported it has 2,500 payees serving as employers to 30,000 beneficiaries. We analyzed SSA's data to identify organizations and individual payees who may serve as job placement/referral services or employers for the beneficiaries in their care. To assess whether these payee beneficiary relationships place beneficiaries at added risk, 50 of these payees will be randomly selected for site visits to the beneficiaries' homes and places of work. Results of the review will be disclosed in a separate report once the site visits are completed.

Probation or Parole Violators Serving as Representative Payees

While the *Social Security Protection Act of 2004* (*Protection Act*) contains a provision that disqualifies probation or parole violators from serving as representative payees for Title XVI recipients, there is no similar provision for Title II beneficiaries. Also, the computer matching agreement that SSA has with law enforcement agencies only covers the identification of fugitive felons who are representative payees, and does not identify probation or parole violators who are representative payees.

Our objective in conducting this audit was to quantify the benefits received by representative payees who were probation or parole violators. Based on our findings, SSA was not complying with the *Protection Act* requirement to prohibit probation or parole violators from serving as representative payees for Title XVI recipients. We estimated that between April 2005 and January 2009, about \$26.9 million in Social Security funds (\$18.9 million in Title XVI payments, and \$8 million in Title II benefits) was paid to about 1,800 probation or parole violators who were serving as



representative payees. These payees received benefits for about 2,439 beneficiaries.

We recommended that SSA: (1) work with Congress to update the Social Security Act so there is consistency in the law between probation or parole violators serving as representative payees for Title II and XVI beneficiaries; and (2) update its computer matching agreement to allow SSA to identify probation or parole violators who are serving as representative payees and to use this information in determining whether a payee is suitable. SSA agreed with the recommendations.

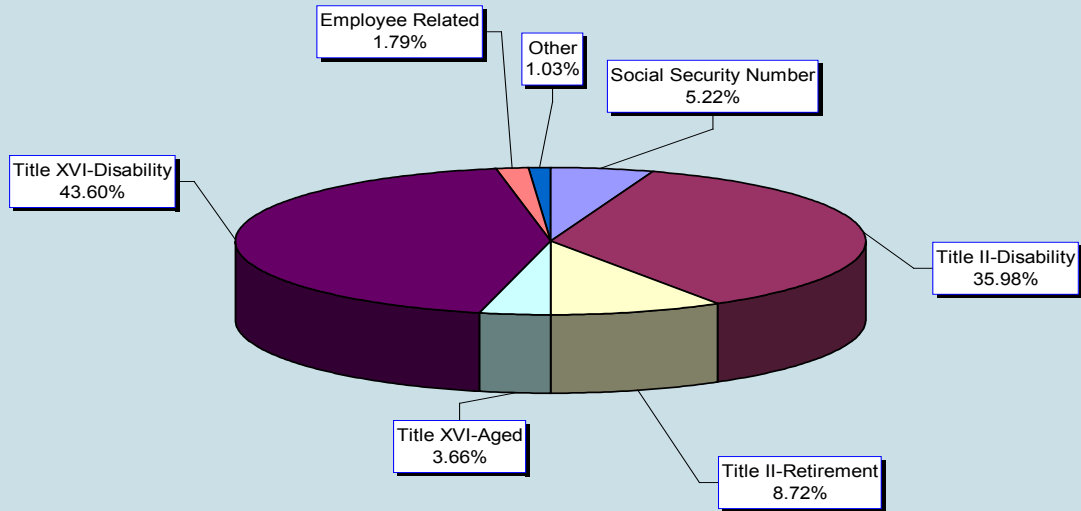
Investigative Impact Initiatives

OI examines and investigates allegations of fraud, waste, abuse, and mismanagement in SSA programs and operations. These allegations may involve benefit fraud, SSN misuse, violations by SSA employees, or fraud related to grants and contracts. Our investigations often result in criminal or civil prosecutions and the imposition of CMPs against offenders. These investigative efforts impact SSA program integrity by deterring those contemplating fraud against SSA in the future. Our work in the areas of program fraud, enumeration fraud, SSN misuse, and employee misconduct ensures the reliability of SSA programs and their future operations.

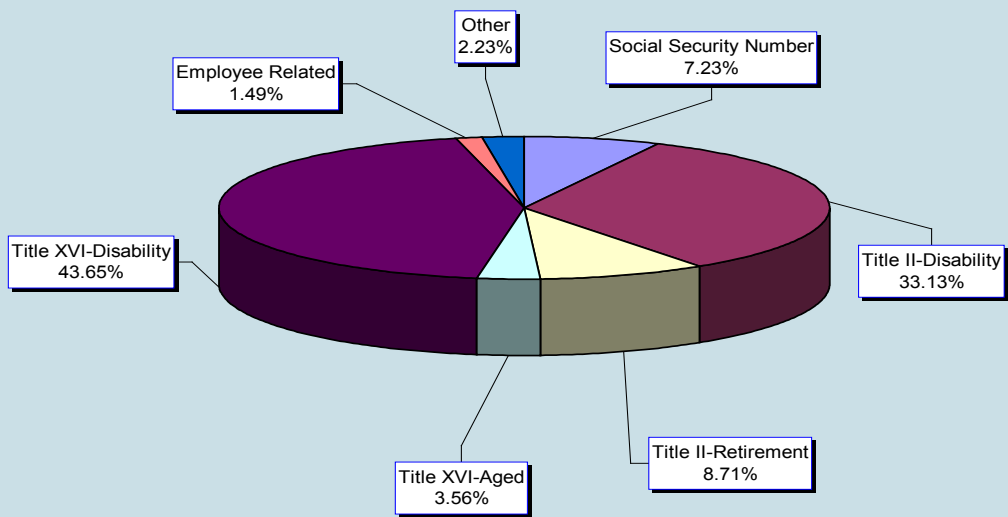
Investigative Results			
	10/1/08 - 3/31/09	4/1/09 - 9/30/09	FY 2009
Allegations Received	50,474	79,021	129,495
Cases Opened	3,502	3,580	7,082
Cases Closed	4,301	3,764	8,065
Arrests	568	520	1,088
Indictments/Informations	554	556	1,110
Criminal Prosecutions	736	750	1,486
Civil/CMPs	177	152	329



Cases Opened by Program Category
04/01/2009 thru 09/30/2009



Cases Closed by Program Category
04/01/2009 thru 09/30/2009





Allegations Received by Source			
	10/1/08 - 3/31/09	4/1/09 - 9/30/09	FY 2009
Law Enforcement	22,332	24,488	46,820
Private Citizens	5,497	17,286	22,783
Anonymous	4,232	5,707	9,939
SSA Employees	15,249	20,236	35,485
Other	2,104	8,689	10,793
Beneficiaries	658	1,771	2,429
Public Agencies	402	844	1,246
TOTAL	50,474	79,021	129,495

Allegations Received by Category			
	10/1/08 - 3/31/09	4/1/09 - 9/30/09	FY 2009
SSI Disability	21,699	28,602	50,301
Disability Insurance	16,660	30,496	47,156
SSN	5,648	9,351	14,999
Old-Age, Survivors Insurance	2,509	4,259	6,768
Other	2,968	4,789	7,757
Employee	499	1,004	1,503
SSI Aged	491	520	1,011
TOTAL	50,474	79,021	129,495



SSN Misuse: Prostitution Ring Recruiter Sentenced to 11 Years in Prison

Our Ft. Lauderdale, Florida office conducted a joint investigation with the Federal Bureau of Investigation concerning a 25-year-old man who was a recruiter and organizer of a prostitution ring involving minors and young adult females. The investigation revealed the man purchased identity documents, including Social Security cards and United States birth certificates, from a document vendor.

In June 2009, after entering a guilty plea stemming from sexual trafficking of a minor by force, fraud, or coercion, the man was sentenced to 132 months' incarceration and 10 years' supervised release. The document vendor previously pled guilty to a variety of charges including knowingly transferring a false identification document. He was sentenced to 75 months in prison and 2 years of supervised release.

SSN Misuse: Man Ordered to Pay \$151,000 in Restitution

Acting on information received from the Frontenac, Missouri Police Department and other local law enforcement agencies, our St. Louis, Missouri office investigated two individuals involved in jewelry store robberies, credit card fraud, and identity theft totaling over \$250,000. The investigation revealed that the man and his accomplice stole merchandise from jewelry stores and also appropriated the credit cards of the store employees. The credit cards were then used to obtain goods from various merchants.

Prior to his sentencing in June 2009, the man was a fugitive for 3 years. After pleading guilty to aggravated identity theft and conspiracy, the man was sentenced to 84 months' imprisonment and 3 years' supervised release, and was ordered to pay restitution of \$151,235 to several financial institutions and a local merchandiser. The subject's accomplice had previously pled guilty to conspiracy, and was sentenced to 33 months' imprisonment and 3 years' supervised release, and

was ordered to pay restitution of \$149,283 to various financial institutions and a local merchandiser.

SSN Misuse: Boston Resident Uses Identity of Incarcerated Recipient

A joint investigation conducted by our Boston, Massachusetts office, the U.S. Department of State/Bureau of Diplomatic Security, and the U.S. Department of Justice/Bureau of Alcohol, Tobacco, Firearms and Explosives revealed that a Boston man used the identification of an incarcerated SSI recipient. The investigation found that he used the SSI recipient's identity to obtain a Massachusetts driver's license and to apply for a U.S. Passport.

In June 2009, following his guilty plea to possession with intent to distribute cocaine, false statements in a passport application, and SSN misuse, the man was sentenced to 70 months' incarceration and 48 months' supervised release.

SSN Misuse: Man Sentenced on Federal Student Loan Fraud and SSN Misuse

Special Agents from our Boston Field Division, working in cooperation with the U.S. Department of Education/Office of Inspector General, the U.S. Postal Inspection Service, and the University of Massachusetts-Amherst Police Department, investigated a former college student. After defaulting on student loans secured with his own SSN, the student fraudulently obtained and used a second SSN to receive approximately \$88,000 in Federal and state student aid.

The student pled guilty to false statements, wire fraud, Federal student financial assistance fraud, and misuse of an SSN. He was sentenced in July 2009 to 6 months' imprisonment, followed by 3 years of supervised release. In addition, he was ordered to pay restitution of \$84,866 to the U.S. Department of Education and \$11,000 to the University of Massachusetts-Amherst.



SSN Misuse: Telephone Service Representatives from Private Company Sentenced in Conspiracy

A joint investigation conducted by our New York office, the Syracuse Police Department, and the U.S. Secret Service revealed that a woman and her co-conspirator were employed as telephone service representatives for a Syracuse business that provided customer service support for various cellular telephone companies. The conspirators obtained names, dates of birth, SSNs, and other personally identifiable information (PII) from cellular phone customers and a credit union employee. The PII was used to obtain credit and was sold on at least two occasions. Investigators identified over 50 compromised identities, and found that the conspirators defrauded the credit union by conducting account takeovers using customers' PII.

In July 2009, based on the woman's guilty plea to conspiracy and SSN misuse, the woman was sentenced to 7 months' incarceration followed by 3 years' supervised release. Her co-conspirator pled guilty to conspiracy, SSN misuse, aggravated identity theft, and impeding a Federal officer in the performance of his duties. The co-conspirator was sentenced to 26 months' incarceration, and was ordered to pay restitution of \$2,302 to a major telephone company and \$1,680 to SSA for damage caused to a vehicle when resisting arrest.

Employee Fraud: Former SSA Employee Steals Money Orders

Acting on a referral from the South Phoenix, Arizona SSA office, our Phoenix office investigated an SSA Service Representative. After receiving a blank money order from a beneficiary to satisfy an overpayment, the employee negotiated the money order and expended the funds for her personal needs. The employee also received two additional money orders from another SSA beneficiary that were later recovered before they could be processed. Finally, the investigation revealed that the employee had stolen cash from SSA on a prior occasion.

SSA terminated the employee in January 2009. In May 2009, after pleading guilty to theft of Government funds, the former employee was sentenced to 2 years of supervised release and was ordered to make full restitution of \$817 to SSA.

Employee Fraud: Former SSA Employee Convicted of Theft of Government Funds

Our Philadelphia Field Division/Special Projects Team investigated an SSA employee in the SSA Atlanta Region, who obtained a paid contractual agreement with the National Combined Federal Campaign (CFC) to organize CFC Regional Workshops in the area. The employee requested and received approval from SSA to conduct this work while off duty or on annual leave; however, the investigation revealed that the employee conducted this outside employment while on duty. In addition, the employee submitted eight travel vouchers for reimbursement of expenses incurred while conducting these workshops. The costs associated with travel vouchers, as well as the 336 hours of leave the employee should have taken to perform the outside work, totaled \$28,058.

The employee elected early retirement from SSA in December 2007. In July 2009, pursuant to a guilty plea to theft of government funds, the former employee was sentenced to 12 months' home confinement, 36 months' supervised release, and 200 hours' community service, and was ordered to make full restitution of \$28,058 to SSA.



Hurricane Response Efforts

We continue to be actively involved in pursuing investigations of fraud related to Hurricanes Katrina and Rita and helping SSA prepare for similar events in the future. Because the SSN is a key identifier for various disaster assistance programs, we have been a critical partner in multi-agency investigations of this type of fraud. In fact, we have assigned an agent to the DOJ's Hurricane Katrina Fraud Task Force in Louisiana, where we have been involved in numerous joint investigations of hurricane-related fraud.

Since the inception of the Task Force, OI has opened 73 investigations and secured 64 indictments and 59 convictions of individuals for hurricane-related fraud. For this reporting period, our investigators secured six indictments and three convictions of individuals for hurricane-related fraud.

Arkansas Man Sentenced After Pleading Guilty to Mail Fraud

Based on a request for assistance from the Department of Homeland Security OIG, our Little Rock, Arkansas office investigated an individual who engaged in a scheme to defraud the Federal Emergency Management Agency (FEMA). The investigation revealed that the person fraudulently submitted the SSNs of four other individuals in order to receive \$24,028 in FEMA assistance after Hurricane Katrina. In April 2009, after pleading guilty to mail fraud, the man was sentenced to 1 year in prison, 3 years of supervised release, and was ordered to pay restitution of \$24,028 to FEMA.

Fugitive Felon Program

The OIG's Fugitive Felon Enforcement Program identifies individuals reported to have outstanding felony arrest warrants and outstanding warrants for parole and probation violations. SSA shares its location information for wanted felons with local law enforcement agencies to assist in their apprehension efforts. In turn,

these agencies advise SSA on the disposition of the warrant so that appropriate administrative action on the benefits may be taken.

Martinez vs. Astrue

Earlier this year, SSA's Fugitive Felon Program was challenged by a group of litigants known collectively as "Martinez," the name of the original plaintiff. This group challenged the Agency's policy and procedures in applying non-payment actions to fugitive felons and non-selection of fugitive felons as representative payees. Upon the advice of the Department of Justice, SSA decided to settle this litigation and change its processing of certain fugitive felon non-payments and representative payees.

As of April 1, 2009, SSA policy has been to suspend or deny Title II, Title VIII and Title XVI payments, or to prohibit an individual from serving as a representative payee, only if the individual's outstanding felony warrant was issued for one of the following three offenses: Escape, Flight to avoid prosecution, confinement, etc., and Flight-escape.

The Martinez settlement does not affect SSA's policy or procedures for processing Title II, Title VIII or Title XVI payments or representative payee actions for cases involving outstanding parole or probation violation warrants. Nor does the Martinez settlement affect OIG's data-sharing activities with law enforcement. OIG will continue matching subjects wanted for all offense codes and share SSA's location information with the warrant-issuing law enforcement entity. Additionally, the Martinez settlement applies to all jurisdictions including the Second Circuit (New York, Connecticut, and Vermont) where fugitive activities had been curtailed, based on prior litigation. Data-sharing for all offense codes now applies to this Circuit, and subjects wanted for any of the five offense codes mentioned above can be referred to the Agency for appropriate action.



OIG’s Management and Fugitive Enforcement Program

Our data-sharing efforts with law enforcement agencies contributed to the arrest of over 16,300 subjects in FY 2009, and over 87,600 arrests since the program’s inception in 1996. The following are some examples of fugitive felon activities during the past 6 months.

- OIG agents and members of the U.S. Marshals Service Fugitive Task Force arrested a Title II/Title XVI disability beneficiary based on multiple active felony arrest warrants for Possession with the Intent to Distribute a Class B (cocaine) Substance in a School Zone, Breaking and Entering into a Building in Daylight, Resisting Arrest, Disorderly Conduct, Giving a False Statement to a Police Officer, and Assault and Battery.

- Following are examples of cases that, using information provided by OIG’s Fugitive Felon Enforcement Program, resulted in arrests.

- o The Smyth County Sheriff in Marion, Virginia arrested a wanted subject for a probation violation warrant dated 6/8/2009. The subject, an SSA beneficiary, had an underlying offense of Grand Theft Larceny.

- o The Illinois Department of Corrections reported the arrest of a wanted subject on an outstanding parole violation warrant issued in May 2009. The subject, a SSA beneficiary, was on parole stemming from charges of Robbery and Aggravated Battery on a person over 60 years of age.

- o The Illinois Department of Corrections reported the arrest of a subject on an outstanding parole violation warrant dated May 2009. The subject was on parole for the original charges of Battery, Physical Contact, Inciting a Mob Action, Resisting and Obstructing an Officer, and Retail Theft. The subject was receiving SSI.

Legal Impact Initiatives

Section 1140 Enforcement

In our enforcement of Section 1140 of *the Act*, OCIG has learned of multiple Internet Web sites that appear designed to mislead visitors to believe that they are visiting SSA’s official Web site, or a Web site affiliated with SSA. Some of these Web sites receive revenue from advertisers, such as Social Security disability representatives, who capitalize on the Web site’s misleading character and attract clients through deception.

Because the operators of many of these Web sites conceal their true identities, or are located outside of the United States, OCIG has begun pursuing the disability representatives and others who advertise on the offending Web sites, using the authority delegated to OCIG under Section 1140 of *the Act*.

To date, all entities contacted have voluntarily agreed to cease and desist from advertising on the deceptive Web sites OCIG has identified. These efforts are ongoing.







VALUE

The second goal of the OIG Strategic Plan is Value. All OIG initiatives strive to provide value to SSA, the Congress, other key decision makers, and the public by delivering timely and reliable audit, investigative, and legal products and services. To achieve the intended value, these products and services must effectively meet the needs of all whom we serve while maximizing our available resources. To do this, we integrate best-practice strategies and the newest technologies to increase our productivity and maximize our return on investment to the public.

Value Attained Through Audits

Many of our audits are focused on identifying SSA programmatic and operational areas where funds could be put to better use. In addition, we often question approaches and their accompanying costs, and we recommend alternatives to yield program and operational savings.

During this reporting period, our auditors issued 66 reports, identifying over \$2.9 billion in questioned costs and more than \$4 billion in Federal funds that could be put to better use. Some of our most notable audits are summarized below.

Follow-up on Disabled Title II Beneficiaries with Earnings Reported on the Master Earnings File

Our objective was to determine whether SSA evaluated earnings reported to the Master Earnings File (MEF) for disabled individuals receiving Title II benefits. In a July 2004 report, "Disabled Title II Beneficiaries with Earnings Reported on the Master Earnings File," we stated that SSA did not evaluate all earnings reported to the MEF between 1996 and 2000 for disabled

individuals receiving Title II benefits as of March 2002. We estimated that approximately \$1.37 billion in overpayments resulting from about 63,000 disabled beneficiaries' work activity was not identified.

In our April 2009 report, we estimated that approximately \$3.1 billion was overpaid to about 173,000 disabled beneficiaries because of work activity. Although SSA identified about 58 percent of these overpayments, we estimated the remaining 42 percent—approximately \$1.3 billion—went undetected by the Agency to about 49,000 disabled beneficiaries. In addition, we estimate SSA will continue to incorrectly pay about \$382 million over the next 12 months to individuals who are no longer entitled to disability benefits if action is not taken by the Agency.

We recognize SSA's efforts to improve the work-related continuing disability reviews (CDR) process. In addition, we acknowledge the Agency's limited resources with which to perform this workload. However, we believe SSA may achieve greater savings in the long term if the Agency could provide the resources to perform work-related CDRs for all disabled beneficiaries with substantial earnings reported on the MEF. Based on our audit, we developed a potential benefit-cost ratio of \$15 to \$1. SSA agreed with our recommendation to develop and implement a plan to allocate more resources to timely perform work-related CDRs.



Supplemental Security Income Redeterminations

SSA periodically conducts redeterminations to determine whether recipients still meet SSI income and resource requirements, and to determine whether they are receiving the correct SSI payment amount. Over the years, the number of SSI redeterminations conducted by SSA has decreased while the number of SSI recipients has increased. In fact, from 2003 to 2008 the number of redeterminations conducted decreased by more than 60 percent in response to SSA's budget limitations and increases in SSA's core workloads. We conducted this review to determine the financial impact of SSA's conducting reduced numbers of SSI redeterminations. We estimate SSA could have saved an additional \$3.3 billion during FYs 2008 and 2009 by conducting redeterminations at the same level it did in FY 2003.

We recommended SSA: (1) establish a methodology to identify the number of redeterminations that are needed each year, and to the extent the annual number of necessary redeterminations is not completed, SSA should identify the lost savings and document the reasons the number of needed redeterminations was not completed; (2) establish a methodology to identify the cost-savings ratio for redeterminations conducted each year; and (3) continue to pursue the establishment of a self-funding program integrity fund. SSA agreed with the recommendations.

The Social Security Administration's Unprocessed Annual Earnings Enforcement Selections

The Act requires that SSA use an Annual Earnings Test (AET) to measure the extent of beneficiaries' retirement. Beneficiaries with earnings over an annual exempt amount receive reduced benefits. To ensure compliance with the AET provisions, SSA's Earnings

Enforcement Operation (EEO) compares beneficiaries' reported earnings with earnings reported by employers.

In a prior audit of the AET, we found that SSA had not adjusted the benefit payments for approximately 2.1 of 2.5 million earnings enforcement selections. Our objective in conducting this audit was to (1) assess SSA's progress in resolving approximately 2.5 million earnings enforcement selections; and to (2) quantify the amount of improper payments for the affected beneficiaries.

We found SSA had not made significant progress to resolve the 2.5 million earnings enforcement selections. Of the approximately 2.1 million selections that were pending at the time of our prior audit, we found SSA had processed about 337,500 (16.1 percent). In addition, our review disclosed there were a substantial number of improper payments in the backlog for the affected beneficiaries. Based on our sample results, we estimate that SSA:

- overpaid about \$956 million to 616,459 beneficiaries, and
- underpaid about \$245 million to 181,312 beneficiaries.

We are encouraged that SSA has taken steps to reduce the backlog and improve the EEO. SSA's Office of Quality Performance (OQP) stated it had processed all the Earnings Enforcement selections for Calendar Year (CY) 2004 and about 73 percent of the selections for CY 2005. However, OQP has not presented a plan on how to resolve the beneficiary records pending for CYs 1996 through 2003.

We recommended that SSA develop a cost-effective plan to process, as appropriate, the backlogged Earnings Enforcement selections for CYs 1996 through 2003. SSA agreed with our recommendation.



Payments to Individuals Whose Numident Record Contains a Death Entry

The Act requires that SSA match death records from various sources against SSA payment records to identify and prevent erroneous payments after death. SSA uses the Death Alert, Control, and Update System (DACUS) to process death information and to record dates of death on the Numident, a data file that houses PII for each number holder. DACUS was designed to ensure that all benefits to deceased beneficiaries are terminated appropriately.

Our objective in conducting this audit was to determine the appropriateness of benefits paid to individuals whose Numident record contained a date of death. In March 2009, we obtained data that identified 6,733 beneficiaries in current payment status whose Numident record contained a date of death. In many instances reviewed, we verified that the individuals were alive and that death entries appearing on their Numident were erroneous. However, we also confirmed a significant number of these individuals were, in fact, deceased. Based on our results, we estimate that SSA made approximately \$40.3 million in improper payments to deceased beneficiaries after their date of death was recorded in SSA's records. Further, we estimate SSA would make approximately \$6.9 million in additional improper payments over the next 12 months if these discrepancies were not corrected.

We provided the data to SSA Operations and recommended that SSA: (1) determine the current living status of all 6,733 beneficiaries; (2) terminate benefits, recover improper payments, and refer potential instances of fraud to the Office of Investigations for all beneficiaries determined to be deceased during living status verifications; (3) remove erroneous dates of death on the beneficiaries' Numident record for all beneficiaries determined to be alive during living status verifications; and (4) periodically identify all

beneficiaries with a death indicator on their Numident receiving benefits and take action to determine the living status for these individuals. This could be accomplished either by improving follow-up on DACUS alerts or implementing a new periodic review. SSA agreed with recommendations 1 through 3, and partially agreed with recommendation 4. We believe SSA's response and planned actions adequately addressed our recommendations.

Supplemental Security Income Recipients with Unreported Vehicles

In determining whether an individual is eligible for SSI based on their resources, SSA excludes the value of one vehicle per family regardless of its value. Additional vehicles are generally counted as a resource. Our objective in conducting this audit was to determine the accuracy of SSA's determinations of an SSI applicants' or recipients' resources related to vehicle ownership.

We found that SSA's records regarding vehicle ownership by SSI recipients were not always accurate. Of the 275 sampled SSI recipients, 68 (25 percent) did not report that they owned vehicles when in fact they did. In addition, 11 of these 68 individuals exceeded the resource limit for SSI eligibility when the values of their unreported vehicles were counted as resources, resulting in improper payments totaling \$80,107. Estimating these results to the total population, approximately 468,140 recipients inaccurately reported their vehicle ownership to SSA and about 75,720 recipients were improperly paid approximately \$551 million because of inaccuracies in SSA's records. Further, we found that in some instances, although SSA staff has access to Lexis/Nexis Risk Management Solution Database, which helps to verify the accuracy of resource allegations, and the National Automobile Association e-Valuator, which helps to determine the value of vehicles, SSA staff did not determine vehicle values as required.



We recommended that SSA: (1) assess the costs/benefits of requiring the use of Lexis/Nexis queries for those SSI applicants and recipients determined to be less likely to report vehicle ownership; (2) assess the costs/benefits of obtaining vehicle registration information directly from States that allow access to vehicle ownership records so it can be used to verify recipients' resources during initial applications and redeterminations; (3) use vehicle registration information obtained from Lexis/Nexis or directly from the States to update the redetermination selection model to ensure that recipients less likely to report their vehicle ownership are selected more frequently for redeterminations; and (4) remind staff to follow policy on the use of the National Automobile Dealer's Association e-Valuator or a disinterested, knowledgeable source when determining the value of applicants' or recipients' vehicles. SSA agreed with the recommendations.

Value Attained Through Investigations

During this reporting period, the efforts of our investigators yielded significant results arising from the successful prosecution of cases that we developed. Our investigators achieved over \$171 million in investigative accomplishments, with over \$26 million in SSA recoveries, restitution, fines, and settlements/judgments; and over \$144 million in projected savings from investigations resulting in the suspension or termination of benefits.

The following table represents the efforts of OI personnel nationwide to recover SSA funds paid in fraudulent benefits or through other illegal actions.

SSA Funds Reported			
	10/1/08 - 3/31/09	4/1/09 - 9/30/09	FY 2009
Recoveries	\$10,843,514	\$12,533,052	\$23,376,566
Fines	\$1,503,677	\$1,360,865	\$2,864,542
Settlements/Judgments	\$722,739	\$665,951	\$1,388,690
Restitution	\$11,871,354	\$12,255,559	\$24,126,913
Estimated Savings	\$142,007,915	\$144,248,826	\$286,256,741
TOTAL	\$166,949,199	\$171,064,253	\$338,013,452



The following case summaries are indicative of the more than 3,700 investigations that we closed during this reporting period. The cases we have highlighted illustrate the many instances where our investigative efforts have resulted in a significant return on investment.

Disability Program Fraud: Lawn Care Business Owner Fraudulently Receives \$177,448 in SSA Benefits

Acting on information supplied by the local SSA office our San Francisco, California office investigated a Title II disability beneficiary. The investigation revealed that the man concealed his ownership of a lawn care and gardening business from SSA. Following his plea of guilty to theft of Government property and Social Security fraud, the man was sentenced to 1 year in prison and 3 years of supervised release, and was ordered to pay restitution of \$177,448 to SSA.

Disability Program Fraud: Disability Beneficiary Uses Son's SSN to Conceal Wages

Based on information supplied by a private citizen, our Cincinnati, Ohio office investigated a Title II disability beneficiary who concealed his wages. The investigation revealed that from October 2001 through March 2008, the beneficiary used his son's SSN to conceal his work and earnings from SSA.

The man pled guilty to theft of Government funds, and in August 2009 was sentenced to 1 month of incarceration and 3 years of probation, and was ordered to pay restitution of \$133,173 to SSA.

Disability Program Fraud: Disabled Man Conceals Ownership of Extermination Company

Acting on a referral submitted by our Allegation Management and Fugitive Enforcement Division, our Phoenix, Arizona office investigated a Title II disability beneficiary for concealing his ownership and operation of a bee removal and extermination company. The business has been in existence since the late 1980s and had revenues in excess of \$424,000 from January 1999 through August 2006.

A jury convicted the man of Social Security fraud, and he was sentenced to 5 years' probation and was ordered to perform 200 hours of community service. In addition, he was ordered to pay restitution of \$126,265 to SSA.

Disability Program Fraud: Disability Beneficiary Fails to Report Operation of Gym

Our Ft. Lauderdale, Florida office investigated a Title II disability beneficiary for failing to report that he owned and operated a gym. The man also concealed his work and earnings as a Realtor specializing in the luxury home market in Florida and the Bahamas. In July 2009, based on his guilty plea to Social Security fraud, the man was sentenced to 3 months' home confinement with electronic monitoring, followed by 48 months' supervised release, and was ordered to perform 250 hours of community service. Prior to his sentencing, the man refunded \$74,816 to SSA.



Representative Payee Fraud: Mother Fails to Report Child Not in Custody

Our Columbia, South Carolina office, acting on a referral from the local SSA office, investigated a Title II young mother's beneficiary who also served as the representative payee for her son's Title II survivor's benefits. The mother failed to report that her son was not in her custody, which voided her entitlement to Title II benefits. After pleading guilty to theft, she was sentenced to 5 months of incarceration, 5 months of home confinement, and 3 years of probation, and was ordered to pay restitution of \$134,927 to SSA.

Representative Payee Fraud: Payee Fails to Report Beneficiary's Death

Our Chicago, Illinois office, using information provided by SSA's Office of Quality Performance, investigated the representative payee of a Title II disability beneficiary who died in 1997. The investigation revealed that from August 1997 through October 2007, the representative payee converted \$87,661 of the deceased's benefits for his own use. He pled guilty to theft of Government funds and was sentenced to 1 year in prison and 3 years of supervised release, and was ordered to pay restitution of \$87,661 to SSA.

Representative Payee Fraud: Mother Conceals Resources from SSA

Our Los Angeles, California office, based on a referral from the Los Angeles County District Attorney's Office, investigated a mother who served as the representative payee for her disabled child. Our investigation revealed that the mother concealed her ownership of excess vehicles and jewelry from SSA and local social service agencies. Due to her material omissions, she fraudulently received \$82,950 in SSI for her child,

as well as \$258,211 in benefits from State and local agencies. After pleading guilty to theft, the mother was sentenced to 2 years' incarceration and was ordered to pay full restitution to SSA and local social service agencies.

Representative Payee Fraud: Payee Pleads Guilty to Embezzlement

Acting on a request for investigative assistance from the Federal Bureau of Investigation, our Kansas City, Missouri office investigated a county public administrator who also served as representative payee for 120 disabled clients' Social Security benefits. Our investigation determined that the representative payee embezzled over \$119,063 from the clients' accounts. After pleading guilty to theft of Government funds, the representative payee was sentenced to 37 months of incarceration and 3 years of supervised release. In addition, the representative payee was ordered to pay restitution of \$115,658 to the County Public Administrator's office and \$3,405 to a casualty bonding company.

Deceased Payee Project: Man Fraudulently Withdraws SSA Funds from Deceased Mother's Bank Account

Our Boston, Massachusetts office conducted an investigation as part of the National Deceased Payee Project (BIC-D), which identifies widows and widowers of Title II beneficiaries whose benefits continued to be paid after their death. The investigation revealed that SSA continued to issue benefits via direct deposit to the deceased beneficiary after her death in November 2003. From November 2003 through December 2007, her son accessed his mother's bank account and converted her SSA benefits for his own personal use.



After pleading nolo contendere (no contest) to obtaining property under false pretenses, the man was sentenced in May 2009 to 3 years' incarceration (suspended) and 10 years' probation, and was ordered to pay restitution of \$75,012 to SSA.

Deceased Payee Project: Daughter Withdraws Deceased Mother's SSI Payments

Our Manchester, New Hampshire office conducted this investigation as part of the BIC-D Project. The investigation revealed that an SSI recipient's mother died in July 2003 and that SSA continued to pay the Title II widow's benefits via direct deposit. The deceased's daughter withdrew the benefits using the deceased's ATM card and used the money for her own personal gain. In June 2009, after pleading guilty to larceny and uttering a promissory note falsely endorsed (fraudulent use of the ATM card), the woman was sentenced to 5 years' probation. She was also ordered to perform 200 hours of community service, and to pay restitution of \$59,720 to SSA.

Deceased Payee Project: Woman Cashes Mother's Checks After Her Death

Our Dallas, Texas office conducted this investigation as part of the BIC-D Project. The investigation revealed that after the woman's mother died in October 2002, the woman cashed her mother's benefits and converted the SSA funds to her own use. In April 2009, after pleading guilty to theft of Government funds, the woman was sentenced to 36 months' probation and was ordered to pay restitution of \$59,458 to SSA.





Cooperative Disability Investigations Program

Our CDI Program continues to be one of our most successful initiatives, contributing to the integrity of SSA's disability programs. CDI is a joint effort of the OIG, SSA, Disability Determination Service (DDS), and State and local law enforcement personnel. Established in 1998 with Units in just 5 States, our CDI program now has 20 Units in 18 States. The Units work to obtain sufficient evidence to identify and resolve issues of fraud and abuse related to initial and continuing disability claims.

The following CDI case summaries highlight major investigations we conducted during this reporting period which enhanced SSA program integrity and the reliability of SSA's operations.

Construction Worker Conceals Employment

Our Salem, Oregon CDI Unit investigated a 21-year-old woman who applied for Title II and Title XVI disability benefits due to hip problems, alleging the inability to stand or walk for extended periods. The woman reported the need to use a cane and crutches, that her daily activities included only resting and napping, and that she was unemployed. The Oregon DDS referred this case to the CDI Unit because they believed the woman's symptoms were exaggerated or false, and that the case was suspicious as there was no recent medical history.

During an interview, the woman reported working for her uncle in the construction field. The woman stated she is paid monthly in cash, but that her earnings fluctuate depending on the season. She also talked about her recent weight gain and advised that she joined a local athletic club where she had exercised 5 days a week for the last month. Throughout the 40-minute

interview, the woman remained standing and did not use any assistive devices for mobility. At no time during the interview did she display any physical or mental limitations. The DDS denied the woman's claim.

Man Exaggerates His Functional Limitations

Our Tampa, Florida CDI Unit investigated a 54-year-old man who applied for SSI due to back problems, electrolyte imbalance, diabetes, and high blood pressure. On his disability application, the man reported the inability to work because he cannot be outside in the heat. The man stated that he sweats profusely, gets cramps, dehydrates, passes out, and has chronic pain preventing him from doing any physical activity. The Tampa DDS referred this case because it was suspected that the man exaggerated his functional limitations.

Witness interviews indicated that the man is frequently seen walking with a cane, but not relying on the cane for support, and standing for extended periods of time with no apparent difficulties. The temperature was approximately 85 degrees. The man was also observed riding a bicycle without any observable difficulties, and then walking 20 feet to the door of his residence after getting off the bike. The man did not use assistive devices, his gait appeared normal, and he did not appear to favor one side over the other while walking. The Tampa DDS denied the man's SSI claim.



SSI Recipient Fails to Report Excess Income and Resources

Our Boston, Massachusetts CDI Unit investigated a 37-year-old woman receiving SSI due to carpal tunnel syndrome, chronic depression, anxiety, and diabetes. On her disability application, the woman reported that she no longer lived with her spouse and that they were separated. The woman also reported that her estranged spouse had lowered the amount of his child support payments due to changes in his work status. The woman's landlord informed SSA that the woman's spouse was routinely observed at her residence. SSA referred this case due to inconsistent statements made by the woman, and wage records which indicated substantial earnings for the woman's spouse.

An interview with the woman's estranged spouse indicated that he spent his weekends with the woman and their daughter. The man reported providing a majority of his paycheck to his spouse in order to meet his child support requirements, to assist with household needs, and to support his spouse's personal needs. Also, the man advised that he did not stay with the woman during the week because his job was located in another city. The CDI Unit's investigation revealed that the woman's monthly income exceeded what she had reported to SSA and that she failed to report two vehicles registered in her name. SSA terminated the woman's SSI payments.

Woman Forges Signatures of a Doctor and Teacher

Our Little Rock, Arkansas CDI Unit investigated a 46-year-old woman who applied for SSI on behalf of her daughter. The disability application indicated that the daughter had blackouts, chronic asthma, and hypertension, was unable to participate in athletic activities, and has had multiple seizures at school. In addition, the woman provided signed statements from a doctor and teacher confirming her daughter's alleged disabilities. The Arkansas DDS referred this case because the signed statements were suspected of containing forged signatures.

The CDI investigation determined that the doctor's signature had been forged on two separate SSA documents including the signed statement. We also found that the school teacher's signature had been forged and that her name was misspelled. Information obtained from the daughter's school indicated no evidence of the daughter experiencing seizures; in fact, the school advised that the child was the star basketball player in the ninth grade until she injured her leg. The DDS denied the child's application for SSI disability benefits.

Woman Blames Attorney for Failure to Disclose Employment

Our Chicago, Illinois CDI Unit investigated a 51-year-old woman who was receiving Title II disability benefits due to fibromyalgia, sclerosis, manic depression, and gastroenterological problems. The West Bend, Wisconsin SSA office referred this case after receiving an anonymous call reporting that the woman was working.

The woman's employer was interviewed and stated that the woman was currently employed full-time answering the phone, coordinating tradesman assignments, interacting with customers, and maintaining office files. The employer described the woman as a good employee who never exhibited any physical or mental impairments. During a CDR, the woman reported that she was still disabled and provided information regarding her physicians and prescriptions. When asked about her employment, the woman said her attorney advised her not to disclose her employment because she would lose her disability benefits.

SSA terminated the woman's Title II disability benefits, resulting in an overpayment of \$8,086. This case was referred to and accepted by OCIG for CMP assessment.



Owner of a Food and Wine Tasting Company Feigns Disability

The St. Louis, Missouri CDI Unit investigated a 28-year-old female who applied for DI benefits and SSI alleging debilitating chronic migraine headaches causing cyclical vomiting, insomnia, unexplained blackouts, and anxiety. The woman reported that she lacks strength and energy, that her headaches disrupt her concentration, that she cannot drive due to migraine-induced vision loss, and that she cannot read, write, or use the computer for more than an hour. The woman stated that her insomnia and depression keep her completely exhausted and isolated. The Missouri DDS referred this case due to inconsistencies with the woman's allegations and the information revealed from her medical records.

CDI Unit investigators discovered that the woman owns and operates her own food and wine tasting hospitality business. She has a Web site and an online "Twitter" account for the business. Through the Web site, we determined that the woman has hosted public and private wine tasting events. Multiple photographs were displayed from events at wineries, art museum tours, food and wine classes, wedding showers, and charity events. The woman and her business have been mentioned in newspaper articles and she was recently featured in an St. Louis' Sauce Magazine article titled, "One To Watch, a Food and Drink Pro with Promise."

The St. Louis DDS denied the woman's claim. This case was referred to SSA for administrative action.

Woman Exaggerates Medical Condition

Our Dallas, Texas CDI Unit investigated a 27-year-old woman who applied for DI benefits and SSI due to depression and bone problems. SSA referred this case due to suspected malingering and exaggeration of symptoms. During an interview, the woman reported that she had not received treatment for her depression since 2007.

Acting in an undercover capacity, CDI Unit investigators interviewed the woman. The woman reported that she has arthritis, but does not take medications or receive treatment for arthritis. She informed the investigators that approximately 2 months earlier, she received therapy from a doctor for a vehicle accident. During the interview, the woman appeared alert, focused, and maintained eye contact with the investigators. The woman stood during the entire interview and never exhibited any signs of pain or discomfort.

The Texas DDS denied the woman's claim. This case was referred to OCIG for possible CMP assessment based on the woman's false statements.



The following table highlights the successes of the CDI program, which yielded over \$121 million in SSA program savings during this reporting period and more than \$240.2 million during FY 2009.

Cooperative Disability Investigations Program Results				
April 1 – September 30, 2009				
State	Allegations Received	Confirmed Fraud Cases	SSA Savings¹	Non-SSA Savings²
Arizona	147	108	9,075,466	3,412,329
Arkansas ³	52	17	1,453,500	695,923
California ⁴	469	183	15,005,150	12,747,019
Colorado	92	59	5,044,500	3,239,982
Florida	71	29	2,269,506	1,542,508
Georgia	276	141	11,910,338	5,413,909
Illinois	55	49	3,701,316	1,681,404
Louisiana	112	54	4,579,830	2,486,075
Massachusetts	80	39	2,958,617	1,823,007
Missouri	93	64	5,109,564	2,522,863
New Jersey	113	49	4,189,500	3,392,002
New York	91	71	6,083,010	4,598,602
Ohio	245	73	5,783,070	3,534,213
Oregon	111	85	6,965,400	4,791,811
Tennessee	77	63	5,386,500	2,434,428
Texas ⁵	420	199	16,398,332	9,353,150
Virginia	131	84	7,173,792	5,158,697
Washington	160	96	7,838,520	4,457,984
TOTAL (4/1/09-9/30/09)	2,795	1,463	\$120,925,911	\$73,285,906
TOTAL (10/1/08-3/31/09)	2,369	1,505	\$119,335,793	\$65,926,243
FY 2009 TOTAL	5,164	2,968	\$240,261,704	\$139,212,149

¹ SSA program savings are reported at a flat rate of \$66,500 for initial claims that are denied as a result of CDI investigations. When a CDI Investigation supports the cessation of an in-pay case, SSA program savings are calculated by multiplying the actual monthly benefit times 60 months.

² Non-SSA Savings are also projected over 60 months whenever another governmental program withholds benefits as a result of a CDI investigation, using estimated or actual benefit amounts documented by the responsible agency.

³ The Little Rock, Arkansas unit was established on October 1, 2008.

⁴ California has two units, one in Los Angeles and the other in Oakland.

⁵ Texas has two units, one in Dallas and the other in Houston.



Value Attained Through Legal Initiatives

OCIG's efforts to administer the portion of the CMP program which deals with violators of Section 1129 of *the Act* maximize the resources available to us and create a positive return on investment. Section 1129 of *the Act* allows for the imposition of a CMP against those who make false statements or representations in connection with obtaining or retaining benefits or payments under Titles II, VIII, or XVI of *the Act*. In addition, CMPs may be used to penalize representative

payees for wrongful conversion of payments made under the Social Security programs, and to penalize individuals who knowingly withhold a material fact from SSA. After consultation with the DOJ, OCIG is authorized to impose penalties of up to \$5,000 for each false statement, representation, conversion, or omission. A person may also be subject to an assessment, in lieu of damages, of up to twice the amount of any resulting overpayment.

The following table and cases highlight the value achieved through our Section 1129 efforts for this reporting period.

Civil Monetary Penalty Activity Under Section 1129			
	10/1/08 - 3/31/09	4/1/09 - 9/30/09	FY 2009
Cases Received	1,367	899	2,266
Cases Initiated	164	49	213
Cases Closed	853	250	1,103
Penalties and Assessments Imposed	\$2,574,381	\$2,273,156	\$4,847,537
Number of Hearings Requested	10	5	15



Subject Concealed Brother's Residence in State-Funded Program

An Arizona woman acting as her brother's representative payee wrongfully received and used his SSI payments. From April 2000 through August 2007, the woman failed to report that her brother was not living in her household, in order to continue receiving his benefits. She used the benefits intended for her brother for her own personal expenses for 7 years, and she received \$48,000 to which she was not entitled. OCIG imposed a CMP in the amount of \$35,000, and an assessment in lieu of damages in the amount of \$60,000, for a total of \$95,000.

Tennessee Man Engages in Representative Payee Fraud

A Tennessee man serving as his mother's representative payee failed to pay for her nursing home care for a 4-month period, resulting in an outstanding balance of \$12,699. Moreover, he continued to receive her monthly SSI payments for a period of 1 year after her death, and failed to disclose to SSA that his mother owned two properties that were generating rental income. The total overpayment was \$16,380. OCIG successfully negotiated a CMP settlement of \$65,000.

Georgia Businessman Denied Disability Insurance Benefits

A Georgia man was running a tree removal business when he applied for disability benefits claiming that he had not worked since 2001 due to a back injury. An OIG investigation revealed that not only had he been running the business, but he operated much of the heavy machinery himself. Further investigation revealed that the man had an extensive criminal history which included weapons violations, assault, and child abuse.

The man was denied disability benefits based on the OIG investigation, and OCIG proposed a \$15,000 CMP for his false statements. The man appealed the CMP to the Departmental Appeals Board. The ALJ issued a decision sustaining OCIG's \$15,000 penalty.

Representative Payee Keeps Benefits for Children Taken from Her Custody

A woman in Tucson, Arizona, serving as the representative payee for two of her children, failed to tell SSA that the children had been removed from her custody and given to Arizona's Child Protective Services (CPS) in August 2006. The subject continued to cash the Title II checks intended for her children, as well as Child-in-Care benefits payable to herself until June 2007, when CPS filed for SSA benefits on behalf of the children. OCIG imposed a civil monetary penalty of \$55,395.

Illinois Woman Fails to Report Work Activity is Assessed \$127,077 CMP

OIG investigated an allegation that a disability beneficiary had failed to report her work to SSA. The investigation revealed that the woman had continued to accept Title II disability benefits, both for herself and as the representative payee for her son, while working various jobs. The woman's entitlement to disability benefits began in 1992. After being interviewed by OI agents in 2007, the subject admitted to having concealed her work activity. OCIG imposed a CMP of \$127,077.



New Mexico Woman Agrees to CMP Settlement of \$63,412 for Representative Payee Conversion

A New Mexico woman improperly received Title II survivors benefits for herself and her daughter for 4 years after her husband's death. However, SSA discovered that the subject did not have custody of her daughter for 12 years due to child neglect. The woman repeatedly claimed that the daughter lived with her and that she used all of the SSA benefits for the care and support of her daughter. In a CMP action, OCIG negotiated a settlement with the subject. The subject agreed to pay a penalty of \$20,000 for multiple false statements and a \$43,412 assessment for a total recovery of \$63,412.

\$30,000 Penalty Imposed on a California Home Health Care Provider with a Dual Identity

A California woman received SSI under her true name and SSN while working as a home health care provider under a fraudulent name and fraudulent SSN. Moreover, the subject was paid by the State of California under her false identity for her services to a number of clients, including caring for herself under her true identity. Subsequently, the subject was criminally prosecuted by the State of California and forced to make criminal restitution.

The criminal prosecution, however, failed to deter the subject from applying for SSI once again. An OIG investigation demonstrated that the subject applied for SSI and provided six false statements to SSA regarding her name, SSN, and work activity. OCIG imposed a \$30,000 penalty based on the six false statements that she made when she re-filed for SSI.

California Woman Agrees to CMP Settlement of \$33,346 for Deceased Payee Fraud

A California woman cashed the Social Security checks of her deceased grandmother by fraudulently assuming the grandmother's identity. The subject perpetuated a fraudulent scheme that was initiated by her own mother, who cashed her mother's checks for over 7 years until she herself died. At the time of her mother's death, the subject learned of the fraudulent scheme. Although the subject had an opportunity to notify SSA about the death of the grandmother, she continued the same scheme.

An OIG investigation found evidence that the subject wrongfully converted \$8,346 from her grandmother's checks. In a CMP action, OCIG negotiated a settlement with the subject. The subject agreed to pay a penalty of \$25,000 for multiple false representations, and an \$8,346 assessment, for a total recovery of \$33,346.



PEOPLE

The third goal of the OIG Strategic Plan is People. The collective effort of our employees continues to be the driving force behind this organization's success in meeting its mission. We provide an encouraging and rewarding work experience with the goal of retaining these exceptional individuals. OIG leadership fosters an environment where employees can realize their potential through training and developmental programs. OIG components convene training sessions to inform their employees about new procedures at various levels of our organization. In addition, the OIG Organizational Health Committee conducts an annual assessment of employee satisfaction levels and addresses employee concerns.

Budget

For FY 2009, our annual appropriation was \$98 million, which supported an estimated end-of-year staffing level of 589. The salaries and benefits of our employees accounted for 85 percent of our spending. We used the remaining 15 percent for necessary expenses such as travel, training, communications, reimbursable work authorizations and general procurements, as well as to provide for basic infrastructure needs such as rent and interagency service agreements. The FY 2009 budget supported our efforts to meet and exceed our expectations set forth in our *Strategic Plan for Fiscal Years 2006 – 2010*, Fourth Edition. The goals and accomplishments measured in our *Strategic Plan* are also published in the *Annual Congressional Budget Justification*.

Human Resource Planning and Management

We actively pursue and work to retain the best possible employees. First, our budget and staffing plan forecasts employee departures based on historical trends and human resource data, which allows us to establish optimal timeframes for recruiting new employees. Moreover, OIG managers monitor staffing to ensure that vacant positions are filled promptly, ensuring that OIG components have the ability to fulfill their respective missions.

Our human resource specialists and recruiters participate in job and career fairs nationwide. We have enhanced our outreach efforts with updated recruitment displays and brochures. These events target underrepresented groups in the labor market, allowing us to maintain a truly diverse workforce. Once we identify the best candidates, we employ a structured interview process to fairly assess their qualifications. Through these efforts, we have hired 52 employees in FY 2009.

Also, of the eight participants in OIG's inaugural Leadership Development Program (LDP), which was launched in FY 2008, two have since been accepted into SSA's SES Candidate Development Program and four have been promoted within OIG to leadership positions. We have announced the second offering of the LDP, and five selections have been made. This second LDP will begin in January 2010.



Information Technology

We provide and maintain our own IT systems. Our IT specialists value state-of-the-art tools and place a high priority on ensuring that OIG employees have the latest proven technologies with which to perform their work.

During this reporting period, OIG IT specialists worked to incorporate electronic case folder capabilities into our National Investigative Case Management System (NICMS). NICMS is a model for investigative case management across the Federal Government. In addition, we have automated several administrative and business processes, and will continue to proceed in this direction to save both time and money.

In support of the President's goal to expand electronic services, we maintain an Internet Web site that is both informative and useful to the public. During this reporting period, our Web site was completely redesigned to make information easier to find and our Web-based services easier to use. A workgroup comprised of administrative specialists, attorneys, auditors, and investigative personnel continually monitor the OIG Web site to ensure that information is accurate and up-to-date.

Finally, our IT staff analyzes industry trends to find new technologies which may enhance our business processes. During this reporting period, we have continued to expand the use of virtual technologies and have begun to pilot virtual desktop infrastructure for both internal and remote use to reduce hardware and deployment costs and enhance data security. OIG IT specialists continue to meet the challenge of providing a variety of IT support services for over 90 OIG offices throughout the country.

Outreach Efforts

We are always seeking new ways to reach out to the wider Federal community as well as to members of the public. In a variety of venues, we share our mission of promoting integrity and excellence in Social Security programs and operations. These occasions are important opportunities to exchange information and forge partnerships. They also give us the chance to educate and inspire public confidence in Federal programs.

The following are other examples of outreach conducted by OIG officials and personnel.

- OIG oversees a nationwide recruitment effort to target underrepresented groups. This FY, recruiters attended 10 recruitment fairs. OIG has subsequently hired 24 individuals (46% of new hires) from minority groups, which yielded an increase in our minority population of Hispanic males; Asian/Pacific Islander males and females; and Native American males.

- A member of the OI's Manpower and Administration Division was instrumental in SSA's efforts to hire disabled veterans designated as "Wounded Warriors." SSA held two major job fairs in an effort to identify and hire disabled veterans. Our staff member, who has been involved with the "Wounded Warrior Program" both at Walter Reed Army Hospital and the Naval Hospital in Bethesda, Maryland, was the catalyst for initiating SSA's interest in this program.

- During his off-duty hours, an agent from our Pittsburgh, Pennsylvania office and his wife have organized a food pantry for the residents of Westmoreland County. Noting the continued economic downturn and the need to provide monthly food assistance to their local community, the agent and his wife, along with other community leaders, have begun distributing food assistance once a month to



needy families in conjunction with the Westmoreland County Food Bank.

- On May 15, 2009, agents with our Baton Rouge office and CDI Unit assisted with a National Missing Children Day event sponsored by the National Center for Missing and Exploited Children. The agents assisted with completing identification kits which included photographs and fingerprints for 100 second-grade students from Walker Elementary School in Livingston Parish, Louisiana.
- A supervisor in our Kansas City, Missouri office participated in the Oceans of Mercy 5K walk/run to raise money for an orphanage in South Africa. Between April and June 2009, he also participated in a project sponsored by Metro Lutheran Ministries in Kansas City to help inner-city homeowners with minor home repairs.

A SPECIAL THANK YOU
THE DILIGENT WORK,
OUTSTANDING EFFORTS,
AND MANY CONTRIBUTIONS
OF OUR ENTIRE OIG STAFF
MAKE THE ACCOMPLISHMENTS
HIGHLIGHTED IN THIS
SEMIANNUAL REPORT
TO CONGRESS POSSIBLE.
WE WOULD LIKE
TO THANK THEM
FOR THEIR DEDICATED SPIRIT
AND MANY SUCCESSES.



A photograph of a stack of several old, worn books with yellowed pages and dark covers, resting on a wooden shelf. The books are slightly out of focus, with the top few being sharper. The background is a warm, brownish-orange color.

REPORTING REQUIREMENTS AND 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.	N/A
Section 5(a)(1)	Significant problems, abuses, and deficiencies.	9 - 38
Section 5(a)(2)	Recommendations with respect to significant problems, abuses, and deficiencies.	9 - 14 22 - 25
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.	14 - 20 25-32
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 particularly significant reports.	9 - 14 22 - 25
Section 5(a)(8)	Table showing the total number of audit reports and total dollar value of questioned costs.	Appendix A
Section 5(a)(9)	Table showing the total number of audit reports and total dollar value of funds put to better use.	Appendix A
Section 5(a)(10)	Audit recommendations more than 6 months old for which no management decision has been made.	Appendix A
Section 5(a)(11)	Significant management decisions that were revised during the reporting period.	N/A
Section 5(a)(12)	Significant management decisions with which the Inspector General disagrees.	Appendix D



APPENDIX A: RESOLVING AUDIT RECOMMENDATIONS

The following chart summarizes SSA’s 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 P.L. 96-304 (the *Supplemental Appropriations and Recession Act of 1980*) and the *Inspector General Act of 1978*, as amended.

Reports with Questioned Costs for the Reporting Period April 1, 2009 – September 30, 2009			
	Number	Value Questioned	Value Unsupported
A. For which no management decision had been made by the commencement of the reporting period.	13	\$144,673,551	\$1,873,871
B. Which were issued during the reporting period.	22 ^a	\$2,935,824,587	\$57,775,986
Subtotal (A + B)	35	\$3,080,498,138	\$59,649,857
Less:			
C. For which a management decision was made during the reporting period.	8	\$1,461,231,258	\$51,271
i. Dollar value of disallowed costs.	7	\$1,461,231,258	\$29,003
ii. Dollar value of costs not disallowed.	1	\$0	\$22,268
D. For which no management decision had been made by the end of the reporting period.	28	\$1,619,266,880	\$59,598,586

a. See **Reports with Questioned Costs** in Appendix B of this report.



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

Reports with Recommendations that Funds Be Put to Better Use Reporting Period April 1, 2009 – September 30, 2009		
	Number	Dollar Value
A. For which no management decision had been made by the commencement of the reporting period.	6	\$442,747,533
B. Which were issued during the reporting period.	18 ^a	\$4,097,820,134
Subtotal (A + B)	24	\$4,540,567,667
Less:		
C. For which a management decision was made during the reporting period.		
i. Dollar value of recommendations that were agreed to by management.	7	\$4,074,462,147
(a) Based on proposed management action.	7	\$4,074,462,147
(b) Based on proposed legislative action.	0	\$0
ii. Dollar value of costs not agreed to by management.	0	\$0
Subtotal (i + ii)	7	\$4,074,462,147
D. For which no management decision had been made by the end of the reporting period.	17	\$466,105,520

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



APPENDIX B: REPORTS ISSUED

Reports with Non-Monetary Findings October 1, 2008 – September 30, 2009		
Audit Number	Report	Issue Date
A-77-09-00001	Management Advisory Report: Single Audit of the State of Minnesota for the Fiscal Year Ended June 30, 2007	10/2/2008
A-77-09-00002	Management Advisory Report: Single Audit of the State of Washington for the Fiscal Year Ended June 30, 2007	10/3/2008
A-12-08-28080	Congressional Response Report: Customer Service Issues at the Dover Hearing Office	10/27/2008
A-02-09-19074	Fiscal Year 2008 Inspector General Statement on the Social Security Administration's Major Management and Performance Challenges	11/5/2008
A-77-09-00003	Management Advisory Report: Single Audit of the Commonwealth of Massachusetts for the Fiscal Year Ended June 30, 2007	11/5/2008
A-15-08-18087	Fiscal Year 2008 Financial Statement Audit Oversight	11/7/2008
A-77-09-00004	Management Advisory Report: Single Audit of the State of Texas for the Fiscal Year Ended August 31, 2007	11/21/2008
A-03-07-17105	Quick Response Evaluation: Effectiveness of Educational Correspondence to Employers	12/15/2008
A-15-08-28125	Quick Response Evaluation: Federal Protective Service Basic Security Fees	12/18/2008
A-77-09-00005	Management Advisory Report: Single Audit of the Commonwealth of Virginia for the Fiscal Year Ended June 30, 2007	12/18/2008
A-01-08-18011	Disability Claims Overall Processing Times	12/19/2008
A-15-08-18010	The Social Security Administration's Oversight of MDRC Contract No. SS00-06-60075	12/22/2008
A-15-09-29064	Costs Claimed by the Virginia Commonwealth University Contract Number SS00-04-60097 (Limited Distribution)	1/5/2009
A-08-08-18002	Earnings Records with Multiple Employer Identification Numbers	1/5/2009
A-13-08-18077	Follow-up: The Social Security Administration's Procedures for Addressing Employee-related Allegations	1/20/2009
A-06-09-29095	Quick Response Evaluation: Sources of Erroneous Death Entries Input into the Death Master File	2/4/2009
A-15-09-29076	Quick Response Evaluation: Social Security Administration Employees Who Were Absent Without Leave	2/18/2009
A-08-08-18059	Administrative Costs Claimed by the Kentucky Disability Determination Services	2/20/2009



Reports with Non-Monetary Findings (Cont.)		
October 1, 2008 – September 30, 2009		
A-08-08-18098	Assignment of Social Security Numbers to Individuals in the Commonwealth of the Northern Mariana Islands and American Samoa	2/25/2009
A-08-08-18079	Management Advisory Report: R-1 Religious Workers' Use of Social Security Numbers	3/9/2009
A-44-09-19098	The Social Security Administration's Ability to Address Future Processing Requirements (Limited Distribution)	3/16/2009
A-77-09-00008	Management Advisory Report: Single Audit of the State of New York for the Fiscal Year Ended March 31, 2007	3/17/2009
A-15-09-19021	Administrative Costs Claimed by the Pennsylvania Bureau of Disability Determination	3/19/2009
A-12-08-18072	Physical Security at the Office of Disability Adjudication and Review's Headquarters Building (Limited Distribution)	3/26/2009
A-77-09-00009	Management Advisory Report: Single Audit of the State of Illinois for the Fiscal Year Ended June 30, 2007	3/26/2009
A-77-09-00010	Management Advisory Report: Single Audit of the State of Maine for the Fiscal Year Ended June 30, 2007	3/26/2009
A-01-08-18023	The Social Security Administration's Listing of Impairments	3/27/2009
A-01-09-29137	Impact of State Employee Furloughs on the Social Security Administration's Disability Programs	3/27/2009
A-15-08-28107	Accuracy of the Social Security Administration's Required Certification of Fiscal Year 2007 Procurement Data Submissions to Federal Procurement Data System - Next Generation	4/15/2009
A-08-09-29152	Congressional Response Report: Opportunities and Challenges for the Social Security Administration	4/30/2009
A-05-09-29119	Processing of Railroad Worker Disability Claims	5/12/2009
A-01-09-19030	National Rollout of Quick Disability Determinations	5/13/2009



Reports with Non-Monetary Findings (Cont.)		
October 1, 2008 – September 30, 2009		
A-04-09-19091	Florida's Title IV-E Waiver May Impact Supplemental Security Income Benefits	5/26/2009
A-08-08-28060	Potential Social Security Number Misuse in Certain Unique Populations	5/26/2009
A-14-08-18076	Follow-up: The Social Security Administration's Implementation of Program Operations Manual System Security Requirements for Disability Determination Services	5/27/2009
A-07-09-19059	Access to Personally Identifiable Information Available in the LexisNexis Total Research System (Limited Distribution)	5/29/2009
A-14-09-29139	Social Security Administration's Disaster Recovery Process (Limited Distribution)	6/5/2009
A-03-08-18069	The Social Security Administration's Wage Reconciliation Process with the Internal Revenue Service	6/16/2009
A-03-09-29115	Accuracy of the Help America Vote Verification Program Responses	6/22/2009
A-14-09-19044	Follow-up: The Social Security Administration's Electronic Mail Security Review	6/22/2009
A-07-09-19069	Electronic File Assembly	6/26/2009
A-13-09-29141	Congressional Response Report: The Social Security Administration's Oversight of Representative Payees	6/29/2009
A-44-09-29120	Congressional Response Report: The Social Security Administration's Information Technology Strategic Planning	6/29/2009
A-06-09-29144	Administrative Expenses Incurred to Provide Economic Recovery Payments	7/1/2009



Reports with Non-Monetary Findings (Cont.) October 1, 2008 – September 30, 2009		
A-03-08-18067	Consent Based Social Security Number Verification Program	7/10/2009
A-15-09-29125	Improper Payments Report	7/23/2009
A-01-09-29155	Funding for Health Information Technology under the American Recovery and Reinvestment Act of 2009	7/31/2009
A-07-09-29162	Office of Disability Adjudication and Review Management Information	8/3/2009
A-12-09-29118	Protecting Personally Identifiable Information on the Social Security Administration's Intranet Sites	8/19/2009
A-08-09-19099	Effectiveness of Special Indicator Codes on the Social Security Administration's Numident File	8/26/2009
A-04-09-19104	Controls Over Title XVI Immediate Payments	9/2/2009
A-01-09-29084	Congressional Response Report: Impact of the Social Security Administration's Claims Process on Disability Beneficiaries	9/4/2009
A-03-09-29094	Organizational Representative Payee Serving as an Individual Representative Payee in Philadelphia, Pennsylvania	9/23/2009
A-14-09-19048	Follow-up: The Social Security Administration's Computer Security Program Compliance	9/24/2009
A-12-08-18071	Aged Claims at the Hearing Level	9/25/2009
A-08-09-19108	The Social Security Administration's Compliance with Certain Evidence Requirements that Restrict Noncitizens' Eligibility for Title II Benefits	9/25/2009
A-05-08-18017	Administrative Costs Claimed by the Michigan Disability Determination Services	9/30/2009
A-06-09-19122	Indirect Costs Claimed by the New Mexico Disability Determination Services	9/30/2009
A-14-09-19100	Processing Capacity of the Social Security Administration's Durham Support Center	9/30/2009
A-14-10-11001	Self-Help Personal Computer Pilot	9/30/2009
A-14-10-11002	Implementation of the Social Security Administration's Security Performance Metrics Program	9/30/2009



Reports with Questioned Costs October 1, 2008 – September 30, 2009			
Audit Number	Issue Date	Report	Dollar Amount
A-15-08-28093	11/4/2008	Individual Volume Representative Payee in Hartford, Connecticut	\$3,965
A-09-08-18007	12/16/2008	Payments to Spouses Eligible for Higher Retirement Benefits	\$123,735,700
A-77-09-00006	2/4/2009	Management Advisory Report: Single Audit of the State of Montana for the 2-Year Period Ended June 30, 2007	\$90,374
A-02-09-29007	2/10/2009	Quick Response Evaluation: Effectiveness of Title XVI Installment Agreements	\$5,053,700
A-77-09-00007	3/19/2009	Management Advisory Report: Single Audit of the Commonwealth of Pennsylvania for the Fiscal Year Ended June 30, 2007	\$1,568,644
A-07-09-19005	3/30/2009	Administrative Costs Claimed by the Utah Disability Determination Services	\$10,528
A-01-08-28075	4/15/2009	Follow-up on Disabled Title II Beneficiaries with Earnings Reported on the Master Earnings File	\$1,335,815,580
A-01-09-29070	6/26/2009	Benefits Paid to Title II Beneficiaries with a Child-in-Care	\$2,548,223
A-06-08-18095	6/26/2009	Payments to Individuals Whose Numident Record Contains a Death Entry	\$40,258,680
A-06-08-18097	7/2/2009	Benefit Payments Mailed to Post Office Boxes	\$161,398



Reports with Questioned Costs (Cont.)

October 1, 2008 – September 30, 2009

A-02-09-29001	7/10/2009	Supplemental Security Income Eligibility of Refugees	\$11,386
A-02-08-28038	7/15/2009	Supplemental Security Income Recipients with Unreported Vehicles	\$551,485,720
A-07-09-19065	7/29/2009	Salina Emergency-Aid Food Bank, A Fee-for-Service Representative Payee for the Social Security Administration	\$9,016
A-09-08-18047	8/3/2009	The Social Security Administration's Unprocessed Annual Earnings Enforcement Selections	\$851,856,248
A-77-09-00011	8/5/2009	Management Advisory Report: Single Audit of the Commonwealth of Puerto Rico, Department of the Family, for the Fiscal Year Ended June 30, 2006	\$559,157
A-08-09-19107	8/17/2009	Myers Investigative and Security Services Contract (Limited Distribution)	\$30,000
A-01-09-19029	8/20/2009	Follow-up: the Social Security Administration's Prisoner Incentive Payment Program	\$30,281,018
A-09-08-38055	8/20/2009	Characteristics of Representative Payees That May Increase the Risk of Benefit Misuse	\$1,228,114
A-77-09-00012	8/20/2009	Management Advisory Report: Single Audit of the Commonwealth of Puerto Rico, Department of the Family, for the Fiscal Year Ended June 30, 2007	\$196,389
A-01-09-19126	8/25/2009	Follow-up: Controls over Recording Supplemental Security Income Overpayments	\$9,398,893
A-01-09-19035	8/26/2009	Administrative Costs Claimed by the Massachusetts Disability Determination Services	\$474,065



Reports with Questioned Costs (Cont.) October 1, 2008 – September 30, 2009			
A-15-09-29121	9/2/2009	Costs Claimed by Association of University Centers on Disabilities' Termination and Final Closeout of Contract Number SS00-06-60074 (Limited Distribution)	\$57,462
A-06-08-18078	9/3/2009	Follow-up: The Social Security Administration's Controls over the Title XVI Overpayment Waiver Process	\$56,191,340
A-01-08-28048	9/17/2009	Individuals Receiving Multiple Old-Age, Survivors and Disability Insurance Benefits	\$1,633,018
A-09-09-29011	9/23/2009	Controls Over "Special Payment Amount" Overpayments for Title II Beneficiaries	\$65,266,120
A-15-09-29176	9/23/2009	Management Advisory Report: Defense Contract Audit Agency Report on Mathematica Policy Research, Incorporated's Termination Settlement Proposal for Contract Number SS00-06-60084 (Limited Distribution)	\$356,532
A-02-09-19081	9/30/2009	University of Michigan Retirement Research Center	\$260,054
A-13-08-28103	9/30/2009	Spouses' to Widow(er)s' Benefits When Government Pensions are Involved	\$45,522,160
TOTAL¹			\$3,124,063,484

¹ Single Audit reports shown in this table represent audits of states conducted in accordance with generally accepted audit standards, by independent public accounting firms and/or State auditors under the *Single Audit Act of 1984* and the *Single Audit Act of 1996*. Upon receipt of the single audit report, OIG reviews the report and identifies findings and recommendations directed at SSA employees. The monetary findings claimed for these audits is insignificant when compared to our overall audit findings.



Reports with Funds Put to Better Use
October 1, 2008 – September 30, 2009

Audit Number	Issue Date	Report	Dollar Amount
A-04-08-18066	11/20/2008	Contract with Lockheed Martin Government Services, Inc., for Digital Imaging Services	\$1,615,464
A-09-08-18007	12/16/2008	Payments to Spouses Eligible for Higher Retirement Benefits	\$208,996,900
A-06-08-18092	1/26/2009	Indirect Costs Claimed by the Texas Disability Determination Services	\$9,790,704
A-05-08-18041	3/12/2009	Contract for the Benefit Offset National Demonstration Project with Abt Associates, Incorporated	\$5,300,000
A-01-08-18021	3/31/2009	Fugitive Felons Serving as Representative Payees	\$95,199,833
A-01-08-28075	4/15/2009	Follow-up on Disabled Title II Beneficiaries with Earnings Reported on the Master Earnings File	\$381,563,100
A-09-09-29143	5/15/2009	Economic Recovery Payments for Social Security and Supplemental Security Income Beneficiaries	\$38,430,000
A-13-08-28122	5/26/2009	Establishment of Dedicated Accounts	\$9,711,200
A-01-09-29070	6/26/2009	Benefits Paid to Title II Beneficiaries with a Child-in-Care	\$2,271,516
A-06-08-18095	6/26/2009	Payments to Individuals Whose Numident Record Contains a Death Entry	\$6,936,540
A-06-08-18097	7/2/2009	Benefit Payments Mailed to Post Office Boxes	\$30,958
A-07-09-29146	7/14/2009	Supplemental Security Income Redeterminations	\$3,255,531,018
A-15-07-17088	7/16/2009	Disabled Beneficiaries Hiding Wages	\$8,377,620
A-07-09-19065	7/29/2009	Salina Emergency-Aid Food Bank, A Fee-for-Service Representative Payee for the Social Security Administration	\$1,143



Reports with Funds Put to Better Use (Cont.) October 1, 2008 – September 30, 2009			
A-13-08-28089	7/31/2009	Individual Representative Payees Serving Multiple Beneficiaries	\$4,850
A-01-09-29112	8/19/2009	Probation or Parole Violators Serving as Representative Payees	\$30,952,311
A-09-09-19019	8/20/2009	Follow-up: Concurrent Title II and XVI Beneficiaries Receiving Representative Payee and Direct Payments	\$68,343,038
A-04-09-19041	8/28/2009	Field Office Procedures for Charging and Collecting Fees	\$205,148
A-04-09-19039	9/2/2009	Follow-up: The Social Security Administration's Controls over Suspending Collection Efforts on Title XVI Overpayments	\$52,282,240
A-01-08-28048	9/17/2009	Individuals Receiving Multiple Old-Age, Survivors and Disability Insurance Benefits	\$573,732
A-06-09-29103	9/24/2009	Supplemental Security Income Overpayments to Concurrent Beneficiaries Resulting from Incorrect Benefit Calculations	\$5,078,640
A-09-08-18006	9/25/2009	Improper Payments Resulting from Unresolved Delayed Claimants	\$89,742,700
A-13-08-28103	9/30/2009	Spouses' to Widow(er)s' Benefits When Government Pensions are Involved	\$147,784,380
TOTAL			\$4,418,723,035



APPENDIX C: REPORTING REQUIREMENTS UNDER THE OMNIBUS CONSOLIDATED APPROPRIATIONS ACT OF FY 1997

To meet the requirements of the *Omnibus Consolidated Appropriations Act of 1997* (P.L. 104-208) we are providing requisite data for FY 2009 from the Offices of Investigations and Audit in this report.

OFFICE OF INVESTIGATIONS

We are reporting over \$26 million in SSA funds as a result of our investigative activities in this reporting period (4/1/09 – 9/30/09). These funds are broken down in the table below.

Investigative Activities					
	1st Quarter (10/1/08-12/31/08)	2nd Quarter (1/1/09-3/31/09)	3rd Quarter (4/1/09-6/30/09)	4th Quarter (7/1/09-9/30/09)	Total
Court Ordered Restitution	\$5,814,165	\$6,057,189	\$5,993,281	\$6,262,278	\$24,126,913
Recoveries	\$5,683,723	\$5,159,791	\$6,313,428	\$6,219,624	\$23,376,566
Fines	\$468,642	\$1,035,035	\$721,139	\$639,726	\$2,864,542
Settlements/ Judgments	\$433,560	\$289,179	\$312,102	\$353,849	\$1,388,690
TOTAL	\$12,400,090	\$12,541,194	\$13,339,950	\$13,475,477	\$51,756,711



OFFICE OF AUDIT

SSA management has informed us that it has completed implementing recommendations from 6 audit reports during this time period valued at over \$264 million.

QUICK RESPONSE EVALUATION: ECONOMIC RECOVERY PAYMENTS FOR SOCIAL SECURITY AND SUPPLEMENTAL SECURITY INCOME BENEFICIARIES (A-09-09-29143, 5/15/2009)

No Recommendation - SSA took action during the review on actual findings. The implemented value of this recommendation is \$38,430,000.

UNPROCESSED MANUAL RECALCULATIONS FOR TITLE II PAYMENTS (A-03-07-17090, 8/14/2008)

We recommended that SSA review the remaining 944 cases (from the 1,077 we identified) to ensure benefits have been adjusted appropriately. The implemented value of this recommendation is \$1,237,060.

ADMINISTRATIVE COSTS CLAIMED BY THE COLORADO DISABILITY DETERMINATION SERVICES (CO-DDS) (A-07-07-17136, 4/14/2008)

We recommended that SSA instruct the CO-DDS to submit a final State Agency Report of Obligations for SSA Disability Programs for FYs 2002 through 2004 and upon receipt rescind the excess funding authorization totaling \$77,659.

ADMINISTRATIVE COSTS CLAIMED BY THE WASHINGTON DISABILITY DETERMINATION SERVICES (A-03-07-17090, 8/14/2008)

We recommended that SSA instruct the Department of Social and Health Services (DSHS) to revise its cost-allocation plan to charge self-insurance premiums in accordance with the relative benefits received (for example, allocating based on historical losses). The implemented value of this recommendation is \$1,516,055.

AN INDIVIDUAL REPRESENTATIVE PAYEE FOR THE SOCIAL SECURITY ADMINISTRATION IN THE SAN FRANCISCO REGION (A-09-07-17063, 7/3/2007)

We recommended that SSA return conserved funds to SSA for any beneficiaries who are no longer in its care. The implemented value of this recommendation is \$2,387.

THE SOCIAL SECURITY ADMINISTRATION'S INCOME AND RESOURCE VERIFICATION PROCESS FOR INDIVIDUALS APPLYING FOR HELP WITH MEDICARE PRESCRIPTION DRUG PLAN COSTS (A-06-06-16135, 2/19/2008)

We recommended that SSA ensure its redetermination process identifies and terminates improperly awarded subsidies currently in effect. The implemented value of this recommendation is \$223,594,840.



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

There are no significant management decisions with which the Inspector General disagrees.



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 as a result of OIG activities each semiannual period.

OFFICE OF INVESTIGATIONS

Total Restitution Reported by DOJ as Collected for SSA			
FY	Total Number of Individuals Assigned Court Ordered Restitution	Court Ordered Restitution	Total Restitution Collected by DOJ
2007	655	\$26,435,626	\$898,764 ¹
2008	765	\$22,975,145	See Footnote ²
2009	603	\$24,126,913	See Footnote ²
TOTAL	2,023	\$73,537,684	\$898,764

¹Reflects collection for October 1, 2006 – June 30, 2007.

²DOJ migrated collection data to a new computer system and is working to generate reports that will provide us with this information.

Recovery Actions Based on OI Investigations		
FY	Total Number of Recovery Actions Initiated	Amount for Recovery
2007	2,514	\$44,081,776
2008	1,862	\$40,040,214
2009	954	\$23,376,566
TOTAL	5,330	\$107,498,556



OFFICE OF AUDIT

The following chart summarizes SSA's responses to our recommendations for the recovery or redirection of questioned and unsupported costs. This information is prepared in coordination with SSA's management officials and was current as of September 30, 2009.

SSA's Responses to OIG's Recommendations						
Recovery or Redirection of Questioned and Unsupported Costs ¹						
FY	Reports with Questioned Costs	Questioned/Unsupported Costs	Management Concurrence	Amount Collected or to be Recovered	Amount Written-Off/Adjustments	Balance ²
2007	36	\$1,261,104,045	\$890,233,952	\$541,117,409	\$370,848,695	\$349,137,941
2008	28	\$2,409,411,231	\$485,835,413	\$219,342,650	\$1,941,311,792	\$248,756,789
2009	28	\$3,124,063,484	\$1,466,251,939	\$5,115,442	\$1,605,489	\$3,117,342,517
TOTAL	92	\$6,794,578,760	\$2,842,321,304	\$765,575,501	\$2,313,765,976	\$3,715,237,247

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

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



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

THE SOCIAL SECURITY ADMINISTRATION'S USE OF ADMINISTRATIVE SANCTIONS IN THE OLD AGE, SURVIVORS AND DISABILITY INSURANCE PROGRAM (A-07-07-17052, 9/19/2008)

Results of Review: Between October 1, 2004 and June 30, 2007, there were 7,261 Title II cases that SSA referred to the OIG with allegations of potential fraud that were not accepted for prosecution. Given that there were allegations of potential fraud, we would have expected that SSA would have considered imposing administrative sanctions for a significant number of these cases. However, we were only able to confirm that 61 of the 7,261 cases were considered for administrative sanctions. While we do not know the percentage of the 7,200 cases where individuals should have had administrative sanctions imposed, we do know that individuals had administrative sanctions imposed for 45 percent of the cases SSA documented as being considered for sanctions from October 2000 through March 2008. Therefore, if SSA had pursued administrative sanctions on 45 percent of the 7,200 cases, individuals could have had sanctions imposed totaling approximately \$17.6 million.

Further, between December 1, 2006 and September 12, 2007, there were 94,299 Title II overpayments posted to beneficiaries' Social Security records. We reviewed a select number of these overpayments to determine whether they resulted from potentially sanctionable actions and whether they should have been referred to the OIG. Based on the results of our review of these overpayments, we estimate that at least 38,175 of the 94,299 overpayments could have been referred to the OIG since the overpayments occurred because of potentially sanctionable actions. If SSA had pursued administrative sanctions on 45 percent of the 38,175 overpayments, individuals could have had sanctions imposed totaling approximately \$105.8 million.

Recommendation: Evaluate the current administrative sanctions process and implement necessary changes to ensure that all potential administrative sanctions are identified and proactively considered. In doing so, consider implementing a risk-based approach that focuses on sanctionable actions that result in significant overpayments.

Valued at: \$123,458,884 in funds put to better use.

Agency Response: SSA agreed with the recommendation.

Corrective Action: SSA identified Headquarters and regional office components that will be involved in an intercomponent workgroup to evaluate the current administrative sanctions process.



TICKET TO WORK AND SELF SUFFICIENCY PROGRAM COST EFFECTIVENESS (A-02-07-17048, 8/11/2008)

Results of Review: Our audit found that approximately 3,800 of the 10 million beneficiaries, or less than one-tenth of 1 percent, who had received a Ticket by the beginning of FY 2005 were Ticket Program participants in that year. These participants appeared to have had limited success in attaining economic self-sufficiency. Approximately one-third of the participants did not have earnings from work activity from October 2004 to December 2006. Of the remaining two-thirds who had earnings for at least some of these months, half were not employed as of December 2006. A comparative analysis of Ticket Program participants to disabled beneficiaries who received vocational services outside the Ticket Program (non-program participants) showed a similar work activity pattern. Specifically, the percentage of beneficiaries with earnings on their records after receiving vocational services steadily decreased over time for both groups. Additionally, the Ticket Program did not generate savings for SSA.

Recommendation: SSA should work with Congress to reform or end the Ticket Program if SSA determines the program is not having the desired impact and/or it is not cost-effective.

Valued at: \$138,000,000 in funds put to better use.

Agency Response: SSA agreed with the recommendation.

Corrective Action: The Agency has taken steps to assess the direction and overall effectiveness of the Ticket program consistent with OIG's recommendations contained in their audit report. SSA issued regulations on May 20, 2008, which were effective in July 2008, that address the core problems of the Ticket to Work Program, and believes these changes will yield the results that Congress intended over the next 5 years.

CONTROLS OVER MISCELLANEOUS PAYMENTS MADE THROUGH THE SINGLE PAYMENT SYSTEM (A-09-07-17119, 10/25/2007)

Results of Review: Our audit disclosed that SSA's controls to prevent or detect improper or duplicate miscellaneous payments were generally effective. However, SSA needed to improve its controls over the retention of supporting documentation for miscellaneous Single Payment System (SPS) payments and the recording of Social Security numbers for SPS payments issued to non-beneficiaries. Based on our review of a random sample of 275 death underpayments from the population of 327,580 non beneficiaries, we found that SSA

- improperly paid an estimated \$7.3 million to 11,912 non-beneficiaries;
- did not retain adequate supporting documentation for an estimated \$98 million in payments made to 50,030 non-beneficiaries;
- did not obtain or record the Social Security numbers (SSN) for 176,029 (53 percent) of the 332,680 death underpayments issued to non-beneficiaries; and



- paid improper duplicate payments of \$27,480 to 3 individuals.

Recommendation: SSA should establish an appropriate control to ensure the SSA-1724 or other written application for a death underpayment is retained.

Valued at: \$98,280,016 in questioned costs.

Agency Response: SSA agreed with the recommendation.

Corrective Action: SSA responded that it will explore appropriate controls to ensure retention of documentation for death underpayments. SSA will also establish appropriate controls as resources permit.

IMPROPER PAYMENTS RESULTING FROM THE ANNUAL EARNINGS TEST (AET) (A-09-07-I7066, 8/31/2007)

Results of Review: Our audit disclosed that SSA did not adjust the benefit payments for all beneficiaries who were subject to AET. Based on a random sample of 250 beneficiaries for Calendar Years 2002 through 2004, we found SSA overpaid \$393,117 to 112 beneficiaries and underpaid \$44,264 to 16 beneficiaries. As a result, we estimate SSA overpaid about \$313 million to 89,300 beneficiaries and underpaid about \$35 million to 12,800 beneficiaries. These payment errors primarily occurred because SSA did not process all records identified by its Earnings Enforcement Operation.

Recommendation: SSA should review and process, as appropriate, all Earnings Enforcement Operation selections pending in the Office of Quality Performance since 1996.

Valued at: \$348,680,140 in questioned costs.

Agency Response: SSA agreed with the recommendation.

Corrective Action: SSA responded that accounts for tax year (TY) 2004 are complete. SSA will continue to work on accounts for TY 2005 and forward. A sample of enforcement selections for TYs prior to 2004 will require manual processing. Due to the lack of resources, the Agency is unable to address these enforcement selections.



SIGNIFICANT MONETARY RECOMMENDATIONS FROM PRIOR SEMIANNUAL REPORT TO CONGRESS FOR WHICH RECENT CORRECTIVE ACTIONS HAVE BEEN MADE

SUPPLEMENTAL SECURITY INCOME RECIPIENTS ELIGIBLE AS DISABLED ADULT CHILDREN (DAC) UNDER THE OLD-AGE, SURVIVORS AND DISABILITY INSURANCE PROGRAM (A-I3-07-I7073, 4/30/2007)

Recommendation: SSA should determine whether the 5,908 SSI recipients are eligible for OASDI benefits as Disabled Adult Children, and calculate the OASDI underpayments due the recipients as appropriate.

Valued at: \$22,937,603 in funds put to better use.

Corrective Action: SSA responded that its Office of Operations has identified the 5,908 work claims as potential DAC cases.





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

SOCIAL SECURITY NUMBER MISUSE FOR WORK AND THE IMPACT ON THE SOCIAL SECURITY ADMINISTRATION'S MASTER EARNING FILE (A-03-07-27152, 9/29/2008)

Results of Review: Our review found that for Tax Year 2004, SSA's Earnings Suspense File (ESF) contained approximately 111,000 wage items representing about \$1.1 billion in wages that were removed from the Master Earnings File because about 49,000 numberholders (NH) disclaimed the wage items. Although SSA had procedures to assist NHs whose identities were being misused, such as placing newly established fraud indicators on their Numident records and issuing new (different) SSNs as appropriate, we found the correspondence sent to these individuals neither advised them about the effects of SSN misuse nor encouraged them to report suspected SSN misuse to the Federal Trade Commission and law enforcement.

While SSA had several processes to detect some instances of SSN misuse in its records, such as isolating reporting anomalies related to children and deceased individuals during the Annual Wage Reporting process, we believe SSA needs to strengthen its controls to help prevent misuse of an SSN from continuing once identified. We found the Agency's employer correspondence processes and employer liaison services did not inform employers about potential SSN misuse cases, although employers play an essential role in detecting and preventing SSN misuse. Further, the Agency had not established an automated process that would post subsequent wage items associated with SSN misuse to the ESF. Instead, the Agency generally relied on the public to inform it about repeated SSN misuse, and evidence showed this did not always occur.

Recommendation: SSA should consider the development of a cost effective method to automatically post subsequent wage items that have the same characteristics of previously disclaimed wage items to the Earnings Suspense File.

Agency Response: SSA agreed with the recommendation.

Corrective Action: SSA responded that it is still investigating the possibility of implementing this recommendation. SSA recently met with its Office of Policy and is awaiting a decision as to whether or not it can write a policy for this. If SSA receives a favorable decision to the recommendation, the project will have to find its level within the list of work that needs to be done and the resources available.



CONTROLS OVER EMPLOYEE VERIFICATION PROGRAMS (A-03-06-15036, 9/4/2007)

Results of Review: We assessed the controls over SSA's employee verification programs. We found that SSA's Social Security Number Verification Service (SSNVS) had adequate access and monitoring controls. However, we found access controls over DHS' E-Verify could be improved. In addition, we determined that feedback responses provided to employers were inconsistent among the verification programs. Finally, we found that both EVS programs and DHS' E-Verify lacked effective controls related to monitoring employers' use of the programs. Because of the vulnerabilities and inconsistencies we found among these programs, SSA's data could be susceptible to unauthorized access as well as inadvertent disclosure of personally identifiable information to unauthorized users.

Recommendation: SSA should ensure feedback responses provided to employers for the four verification programs are consistent as it relates to (a) name and SSN matches and (b) death indicator responses.

Agency Response: SSA agreed with the recommendation.

Corrective Action: SSA responded that its current disclosure policy allows the Agency to share the same data with employers via any SSN verification process. The routine use established for the applicable Privacy Act system of records, the SSN Master File (that is, Numident records), allows information from that system to be disclosed to employers consistent with their wage reporting responsibilities. Feedback response differences between the E-Verify and the various SSN verification processes were established for different purposes; therefore, it may be appropriate to maintain different matching protocols. E-Verify was designed to verify work eligibility status (determined by citizenship status) and is driven by Department of Homeland Security's needs. The other programs verify only the SSN, name and date of birth (and check for death information) for wage reporting; citizenship status is not checked. SSA noted, however, that a future release of the SSNVS will return successful and unsuccessful matches to the user. This brings the functionality of E-Verify and SSNVS in line with each other.

Lastly, the implementation of this recommendation could be affected by the outcomes for several pending developments concerning the E-Verify program, as several States are enacting legislation requiring that employers use E-Verify. Although comprehensive immigration reform legislation did not pass, there are other pending legislative proposals mandating the use of E-Verify. If the legislation is passed, or E-Verify is otherwise implemented, the need for other SSN verification programs for employers may diminish, as all employers will be required to use E-Verify for new hires.

SIGNIFICANT NON-MONETARY RECOMMENDATIONS FROM PRIOR SEMIANNUAL REPORT TO CONGRESS FOR WHICH RECENT CORRECTIVE ACTION HAS BEEN MADE

There are no significant management decisions from the prior semiannual report for which recent corrective actions were made.



GLOSSARY OF ACRONYMS

AET	Annual Earnings Test
ALJ	Administrative Law Judge
BIC-D	National Deceased Payee Project
CDI	Cooperative Disability Investigations
CDR	Continuing Disability Reviews
CFC	Combined Federal Campaign
CMP	Civil Monetary Penalty
CY	Calendar Year
DACUS	Death Alert, Control & Update System
DDS	Disability Determination Services
DI	Disability Income
DOJ	Department of Justice
EEO	Earnings Enforcement Operation
ePulling	Electronic File Assembly
ERP	Economic Recovery Payment
FY	Fiscal Year
HIT	Health Information Technology
IO	Immediate Office
IT	Information Technology
LDP	Leadership Development Program
MEF	Master Earnings File
MOU	Memorandum of Understanding
NCC	National Computer Center
OA	Office of Audit
OASDI	Old Age, Survivors, and Disability Insurance



GLOSSARY OF ACRONYMS (CONT.)

OCIG	Office of the Counsel to the Inspector General
ODAR	Office of Disability Adjudication and Review
OER	Office of External Relations
OI	Office of Investigations
OIG	Office of the Inspector General
OQAPR	Office of Quality Assurance and Professional Responsibility
OQP	Office of Quality Performance
OTRM	Office of Technology and Resource Management
PII	Personally Identifiable Information
<i>Recovery Act</i>	<i>American Recovery and Reinvestment Act of 2009</i>
RRB	Railroad Retirement Board
SGA	Substantial Gainful Activity
SSA	Social Security Administration
SSI	Supplemental Security Income
SSN	Social Security Number
<i>the Act</i>	<i>Social Security Act</i>
Title II	Federal Old-Age, Survivors, and Disability Insurance Benefits
Title XVI	Supplemental Security Income
TY	Tax Year
U.S.	United States

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