



# OIG

Office *of the* Inspector General  
SOCIAL SECURITY ADMINISTRATION

## Semiannual Report to Congress

April 1, 2018 – September 30, 2018

Fall Edition

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*\*Cover photo and photo on page 44 taken by Michael McGill of the SSA OIG Office of Investigations.*

## A MESSAGE FROM THE ACTING INSPECTOR GENERAL

Forty years after President Jimmy Carter signed the *Inspector General Act of 1978*, inspectors general across the Federal Government remain committed to promoting the integrity of agency programs and operations. Objective and independent oversight of Federal agencies allows their leadership and Congress to identify ways to improve Government efficiency, effectiveness, and accountability.



The Office of the Inspector General (OIG) at the Social Security Administration (SSA) upholds this commitment by pursuing Social Security fraud investigations, to return stolen money to SSA and prevent future losses; and by conducting audit reports that identify Social Security program vulnerabilities and providing recommendations to address them. I am proud to present this *Semiannual Report to Congress*, which presents our significant investigative, audit, and legal accomplishments for the reporting period of April 1, 2018 through September 30, 2018.

Our accomplishments during the reporting period include:

- **Eric Conn Sentencing Caps Multi-Year Disability Fraud Scheme Investigation**  
During the reporting period, Eric Conn, the former disability attorney from Kentucky, was sentenced to 15 years in prison for escaping from authorities in 2017 while he awaited sentencing for leading a conspiracy to get thousands of claimants approved for disability benefits. While he was a fugitive, Conn was sentenced to 12 years in prison for his role in the disability fraud scheme, meaning he will serve 27 years total. Conn's recent sentencing capped a multi-year OIG investigation that required significant time and effort by our investigators and other law enforcement agencies, notably the Federal Bureau of Investigations (FBI) and the Department of Justice (DoJ). The investigation was a major OIG achievement, but it should remind us that we must improve disability program integrity, to preserve benefits for those who truly need and deserve them.
- **Estimated \$381 Million in Supplemental Security Income Overpayments**  
In a recent report, our auditors estimated \$381 million in overpayments to Supplemental Security Income (SSI) recipients who had not had a redetermination—or a review of non-medical factors affecting SSI eligibility—in more than 10 years. We estimated about 1.1 million SSI recipients had not had a redetermination in 10 years, because SSA completed a limited number of these reviews each year, based on its budget. As a result of this audit, SSA said it would conduct an internal review of the process it uses to select SSI cases for a redetermination.
- **Streamlined the Civil Monetary Penalty Program**  
Our attorneys fulfilled their responsibility to enforce Section 1129 of the *Social Security Act*, which allows the OIG to impose civil monetary penalties (CMP) against individuals who make certain material false statements or omissions to receive initial or continuing Social Security benefits. Our attorneys recently reviewed and reorganized the CMP program, streamlining internal processes and revising legal correspondence and documents to improve program efficiency. Those efforts supported the successful resolution of 36 CMP cases during the reporting period, leading to more than \$2.4 million in assessments and penalties.

As these examples demonstrate, we remain committed to reviewing Social Security's programs and operations and detecting Social Security fraud, waste, and abuse, as required by the *Inspector General Act*. I encourage you to learn more about the OIG's oversight in the pages that follow.

A handwritten signature in black ink that reads "Gale Stallworth Stone". The signature is fluid and cursive.

Gale Stallworth Stone  
Acting Inspector General

## EXECUTIVE SUMMARY

Our *Semiannual Report to Congress* presents the significant activities of SSA’s OIG from April 1, 2018 through September 30, 2018, documenting the achievements of the OIG’s Offices of Audit (OA), Investigations (OI), and Counsel (OCIG), and the OIG’s support components.

Key Accomplishments April 1, 2018 – September 30, 2018	
Audit Reports Issued	54
Questioned Costs	\$1,865,481,066
Funds Put to Better Use	\$839,087,306
Allegations Received	102,581
Investigations Opened	2,672
Investigations Closed	2,911
Arrests	164
Indictments/Informations <sup>1</sup>	425
Criminal Convictions	372
Civil Actions/Civil Monetary Penalties	40
Cooperative Disability Investigations	
--Claims Denied/Ceased	1,692
--Projected SSA Savings	\$96,749,948
--Projected Non-SSA Savings	\$108,756,201

### Audit

We issued 54 reports and made recommendations on various challenges facing SSA. In these reports, we identified over \$1.8 billion in questioned costs and more than \$839 million in Federal funds that could be put to better use.

During the reporting period, we conducted an audit that found that SSA incorrectly paid 78 beneficiaries almost \$1.3 million because they had earnings that exceeded substantial gainful activity (SGA) limits after a Trial Work Period (TWP). Of the overpaid amount, SSA incorrectly paid:

- almost \$446,000 because of its own processing delays and errors and
- over \$823,000 because of beneficiaries’ reporting failures.

We estimate SSA overpaid over \$571 million to over 35,000 beneficiaries who completed a TWP in 2012. Of the overpaid amount, SSA incorrectly paid almost \$201 million because it failed to process work continuing disability reviews (CDR) correctly or within its processing time goal, and almost \$371 million because beneficiaries failed to report their earnings, as required.

<sup>1</sup> An information is similar to an indictment in that it is a charging document in a criminal case.

## Investigations

During the reporting period, we received more than 102,000 allegations from SSA employees, Congress, the public, law enforcement agencies, and other sources. OIG agents closed more than 2,900 criminal investigations, and reported over 160 arrests, over 420 indictments and informations, over 370 criminal convictions (including pretrial diversions), and 40 civil judgments or CMP assessments. We are reporting over \$184 million in investigative accomplishments, including over \$59 million in SSA recoveries, restitution, fines, settlements, and judgments.

## Legal

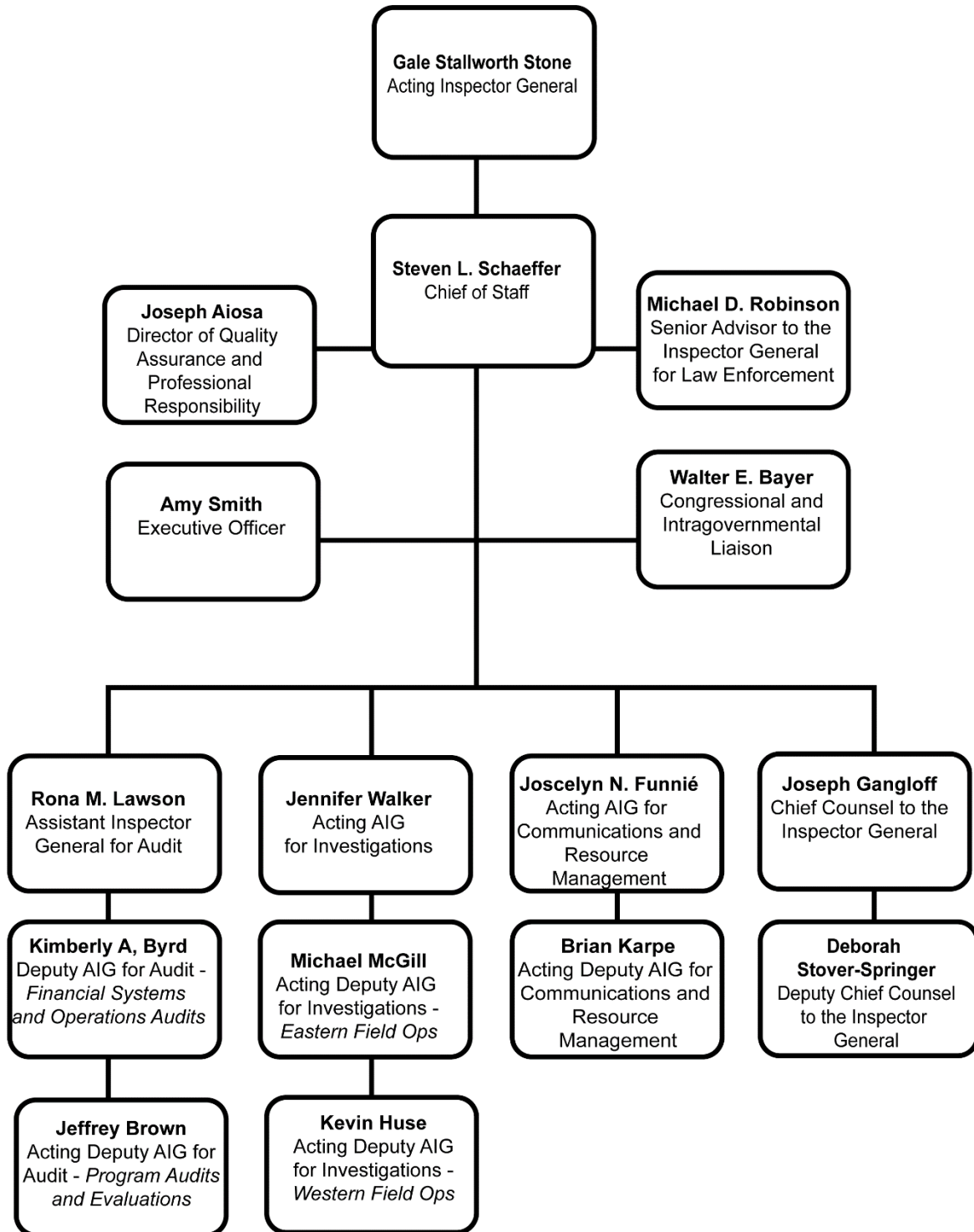
During this reporting period, OIG attorneys provided significant litigation assistance—to Assistant U.S. Attorneys, agency counsel, and OIG staff through proceedings at the U.S. Court of Appeals and administrative courts. OIG attorneys successfully resolved 36 CMP actions against individuals who made false statements, representations, or omissions to obtain, retain or convert Social Security benefits (violating Section 1129 of the *Social Security Act*), imposing more than \$2.4 million in penalties and assessments. We also prevented and protected the public from fraudulent schemes and other misuses of SSA's name, symbols or emblems (violating Section 1140 of the *Social Security Act*), including achieving voluntary cooperation in two Section 1140 cases and imposing penalties totaling \$76,500. For the Whistleblower Coordinator Program, we performed significant work implementing the 2018 whistleblower statute and Office of Special Counsel guidance.

## Outreach

During the reporting period, the OIG conducted various outreach efforts to communicate the organization's mission, functions, and accomplishments to different audiences. OIG leadership made presentations on organizational initiatives at special-interest conferences, responded to requests for information from national media entities, and met with outside groups to share best practices on detecting and preventing fraud, waste, and abuse.

For example, the Deputy Assistant IG for Investigations participated in an SSA Facebook Live broadcast in June to discuss the detection and prevention of elder abuse, in support of World Elder Abuse Awareness Month. In September, an OIG audit director contributed to a Social Security Advisory Board forum that reviewed SSA's management of the representative payee program. Also in September, the Acting Inspector General testified in a Social Security Subcommittee hearing on SSA's efforts to modernize its information technology infrastructure and develop the Disability Case Processing System.

## INTRODUCTION TO OUR ORGANIZATION



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

## Immediate Office of the Inspector General

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

## Office of Audit

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

## Office of Communications and Resource Management

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

## Office of the Counsel to the Inspector General

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

## Office of Investigations

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

## SSA MANAGEMENT CHALLENGES

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

### IMPROVE ADMINISTRATION OF THE DISABILITY PROGRAMS

We previously raised concerns about various backlogs in SSA's disability workloads, including initial disability claims and continuing disability reviews (CDR). In recent years, SSA made progress in reducing initial disability claims pending and backlogged CDRs. Specifically, initial disability claims pending went from over 759,000 in Fiscal Year (FY) 2011 to 565,000 through September 2018. Further, in FY 2018, SSA eliminated the backlog of CDRs that had existed since FY 2002. However, we still have concerns with pending disability hearings.

The hearings process has experienced worsening timeliness and growing backlogs. For instance, the average processing time for a hearing increased 40 percent from 426 days in FY 2010 to 595 days in FY 2018. Moreover, during the same period, the pending hearings backlog increased 22 percent, from 705,367 cases to 858,383 cases. However, over the last 2 years, the number of pending cases has decreased from over 1.1 million cases at the end of FY 2016 to 858,383 cases at the end of FY 2018. The hearings process has experienced worsening timeliness and growing backlogs. For instance, the average processing time for a hearing increased 40 percent from 426 days in FY 2010 to 597 days through July 2018. Moreover, during the same period, the pending hearings backlog increased 31 percent, from 705,367 cases to 925,793 cases. However, over the last 2 years, the number of pending cases has decreased from over 1.1 million cases at the end of FY 2016 to 925,793 cases through July 2018.

As far as returning to work, our reviews have found that few Ticket-eligible beneficiaries used their Tickets to receive vocational or employment services. Also, an independent evaluation failed to identify strong evidence of the Ticket Program's impact on employment outcome and found no consistent evidence that it affected employment and benefit receipt.

### REDUCE IMPROPER PAYMENTS AND INCREASE OVERPAYMENT RECOVERIES

SSA is responsible for issuing over \$1 trillion in benefit payments, annually, to about 70 million people. Given the large overall dollar amounts involved, even the slightest error in the overall process can result in millions of dollars in over- or underpayments. In its FY 2017 Agency Financial Report, SSA estimated it would make about \$7.6 billion in improper payments and it incurred an administrative cost of \$0.07 for every overpayment dollar it collected.

SSA strives to balance its service commitments to the public with its stewardship responsibilities. However, given the size and complexity of the programs the Agency administers, some payment errors will occur. Nonetheless, SSA has not met its payment accuracy goals. For example, in FYs 2013 through 2017, the Agency's goal was 95-percent payment accuracy for SSI, but SSA fell short of this goal in each of these years. Similarly, SSA has not met its Old-Age, Survivors, and Disability Insurance (OASDI) targets for payments without overpayments, but came close to doing so in multiple years. "In our May 2018 report, [The Social Security Administration's Compliance with the Improper Payments Elimination and Recovery Improvement Act of 2012](#), and in the [FY 2017 Agency Financial Report](#), we noted that SSA was not in compliance with the Improper Payments Elimination and Recovery Act of 2010 requirements for meeting its targeted payment accuracy rates.



Once SSA determines an individual has been overpaid, it attempts to recover the overpayment. According to SSA, in FY 2017, it recovered \$3.9 billion in overpayments at an administrative cost of \$0.07 for every dollar collected and ended the FY with an uncollected overpayment balance of \$22.1 billion. SSA needs to use available data to better identify changes that affect beneficiaries' and recipients' benefit payments, expand efforts to collect data from reliable third-party sources that would aid SSA in mitigating discrepancies that can occur when SSI recipients self-report information, and develop new initiatives to address improper payments.

### **IMPROVE CUSTOMER SERVICE**

SSA faces challenges as it pursues its mission to deliver quality services that meet the changing needs of the public, including growing workloads as experienced employees are expected to retire. In March 2018, the Government Accountability Office reported that SSA's workloads were increasing because of 80 million baby boomers entering their retirement and disability-prone years. In addition to processing about 10 million benefit claims, during this reporting period, the Agency expected to complete millions of other transactions including claimant appeals, issuing Social Security number (SSN) cards, and processing post-entitlement actions. In FY 2018, field offices served about 42.6 million visitors, the National 800-Number handled about 32 million calls, and processing centers handled complex Social Security claims as well as provided support to the National 800-Number.

SSA continues to acknowledge that one of its greatest challenges is the loss of its most experienced employees. SSA projects that more than 21,000 employees will retire by the end of FY 2022. These retirements, along with regular ongoing attrition, will cause a loss of institutional knowledge and potentially impair succession management and knowledge transfer. As of FY 2018, about 70 percent of supervisors were eligible for retirement in the next 5 years. SSA also reported that, in FY 2018, about 40 percent of the Agency's senior executives and 30 percent of GS-15 employees were eligible to retire.

Further, SSA's biennial survey of future customers shows an increasing preference for conducting business online or by telephone. In FY 2018, SSA customers conducted over 163 million transactions using the Agency's Website. Finally, our audits continue to identify problems with SSA's administration of the representative payee program. We found the Agency's implementation of its criminal bar policy had not identified and barred convicted felons from serving as individual representative payees, and our investigations have identified various problems with representative payees including fraud and misuse of beneficiary funds.

### **MODERNIZE INFORMATION TECHNOLOGY INFRASTRUCTURE**

SSA must modernize its information technology (IT) to accomplish its mission despite budget and resource constraints. SSA's aging IT infrastructure is increasingly difficult and expensive to maintain. SSA continues to rely on outdated applications and technologies to process its core workloads, such as retirement and disability claims. To ensure SSA can keep pace with increasing workloads, SSA must maintain its legacy systems while developing their modern replacements. In FY 2018, SSA spent \$1.8 billion on IT. SSA reports that budget constraints have forced it to use much of its IT funding to operate and maintain existing systems.

One of SSA's priorities is to improve customer service and convenience by increasing on-line transactions. To achieve that goal, SSA continues enhancing its **my Social Security** online portal; SSA plans to redesign the portal and expand the availability of **my Social Security** services to additional user groups, including representative payees, appointed representatives, and business users. Also, the Agency will improve the portal's design to allow broader access from a variety of devices, such as

smartphones and tablets. In 2016, we recommended that SSA improve its access controls for **my Social Security**. The Agency is working to enhance portal security and on-line fraud detection capabilities.

SSA also faces challenges in executing and implementing major IT projects and delivering expected functions on-schedule and within budget. For example, to simplify system support and maintenance, improve the speed and quality of the disability process, and reduce the overall growth rate of infrastructure costs, SSA continues to develop the Disability Case Processing System (DCPS). Once implemented, all disability determination services (DDS) will use DCPS. Historically, the project has faced schedule delays and stakeholder concerns. According to the Agency's post-implementation review reports, although SSA generally was able to verify and compare costs, functionality impact, and other areas, it could not quantify the benefits or calculate the return on investment for its IT projects. SSA developed a new IT Investment Process that it expects will improve how it manages and invests in IT.

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

SSA must ensure its information systems are secure and sensitive data are protected. Breaches at several Federal agencies have underscored the importance of securing Federal systems and protecting sensitive information. The information SSA houses on nearly every U.S. citizen is invaluable to would-be hackers and potential identity thieves. Consequently, SSA's information systems may be at particular risk of attack. Given the highly sensitive nature of the personal information in its systems, it is imperative that SSA have a robust information security program. SSA is also developing systems in the cloud, which creates security concerns with housing sensitive Agency information in public clouds. As SSA expands its services and systems, it is important that it implement security during the development process.

Our prior audit and investigative work has revealed a number of concerns with the security of SSA's information systems. Since FY 2012, auditors have identified weaknesses that, when aggregated, resulted in a significant deficiency in SSA's overall information systems security program. Additionally, other audits and evaluations have identified serious concerns with SSA's information security program. One of the Agency's priorities is to develop and increase use of self-service options. To achieve that goal, SSA plans to expand the services available under its **my Social Security** on-line portal. We recognize online services are an important component of SSA's strategy to deliver services to the public during a period of increasing workloads and constrained resources. Still, we believe SSA's primary responsibility must be safeguarding the sensitive information the American public has entrusted to the Agency. To ensure citizens' sensitive information is adequately protected, we believe the Agency needs to implement security controls that meet Federal requirements and ensure individuals applying for benefits are who they claim to be. We are currently evaluating SSA's cloud environment to determine whether it is protecting the Agency's sensitive information, and expect to issue our report in FY 2019.

### **STRENGTHEN THE INTEGRITY AND PROTECTION OF THE SOCIAL SECURITY NUMBER**

Protecting the Social Security number (SSN) and properly posting the wages reported under SSNs are critical to ensuring eligible individuals receive the full benefits they are due. Given the preponderance of SSN misuse and identity theft, we continue to believe protecting this critical number is a considerable challenge for SSA as well as its millions of stakeholders. Unfortunately, once SSA assigns an SSN, it has no authority to control how other entities collect, use, and protect it. Our audit and investigative work has shown that the more SSNs are unnecessarily used, the higher the probability individuals could improperly use them. In addition, we remain concerned about SSN misuse by noncitizens who are not authorized to work in the United States. Properly posting earnings ensures eligible individuals receive the full retirement, survivors, and/or disability benefits due them. If employers report earnings information incorrectly or not at all, SSA cannot ensure all individuals entitled to benefits are receiving the correct payment amounts.

SSA spends scarce resources correcting earnings data when employers report incorrect information. The Earnings Suspense File (ESF) is the Agency's repository of wage reports on which wage earners' names and SSNs fail to match SSA's records. Per the latest available data, the ESF had accumulated over \$1.59 trillion in wages and about 367 million wage items for Tax Years 1938 through 2017.

#### **STRENGTHEN PLANNING, TRANSPARENCY, AND ACCOUNTABILITY**

Planning, transparency, and accountability are critical factors in effective management. Failure to plan properly to meet its mission and challenges will lessen the Agency's ability to provide its services efficiently and effectively now and in the future. While SSA has created annual performance and multiple-year strategic plans, we continue to be concerned with the quality of its longer-term vision needed to ensure SSA has the programs, processes, staff, and infrastructure required to provide needed services for the next 10 to 20 years and beyond. In FY 2015, SSA published its *Vision 2025* report, which SSA stated is a critical first step in planning how it will serve the public in the future. However, we question whether SSA's *Vision 2025* provides a clear path to the organization SSA will need to be in the future to meet its mission. *Vision 2025* does not include specific, measurable goals or outline the strategy needed to implement SSA's proposed vision. SSA releases annual performance plans and reports that include its annual performance measures, which provide a certain level of transparency on SSA's operations. The Agency has a mixture of outcome and output performance measures on which it publicly reports. While these measures are helpful, SSA has more output-based performance measures than outcome-based ones. Output measures are less helpful in informing stakeholders on whether SSA is effectively using its resources to achieve its mission.

We have noted in past Statements that SSA needs a strong anti-fraud infrastructure to combat attempts to defraud its programs. In FY 2014, we hired a contractor to complete a fraud risk assessment of SSA's anti-fraud activities and found that SSA did not track all instances of fraud or use a risk based approach for combatting fraud. The contractor also concluded that the Agency could be more proactive in addressing and mitigating new fraud schemes and improving the design and operating effectiveness of anti-fraud measures. SSA's Office of Anti-Fraud Programs is developing the Anti-Fraud Enterprise Solution (AFES) to expand its anti-fraud systems and processes. SSA expects AFES will improve its ability to utilize data analytics to enhance fraud detection. To further improve its ability to address fraud, SSA needs to ensure AFES is implemented timely and successfully.

Regarding accountability, the FY 2018 Independent Auditor's Report contained three significant deficiencies. The auditor identified four systems control deficiencies that, when aggregated, are considered to be a significant deficiency in the area of IT Systems Controls. The auditor also identified four deficiencies in internal control that, when aggregated, are considered to be a significant deficiency related to weaknesses in internal controls related to accounts receivable/overpayments. Further, the auditor identified a significant deficiency in controls over the reliability of information used in performing manual process-level controls over benefits due and payable and accounts receivable.

## AUDIT

### ACCURACY OF SSI PAYMENTS TO RECIPIENTS WITH MANUALLY DEEMED INCOME

**BACKGROUND:** SSI recipients must meet certain income and resource limits for eligibility. SSA presumes members of a family will use part of their income to take care of some of an SSI recipient's needs when they are living in the same household. Accordingly, SSA considers, or "deems," a portion of certain family members' income when determining whether an individual is eligible for SSI payments. However, family members do not always report income information timely. Therefore, SSA obtains information from other sources. SSA's automated system cannot always calculate the amount of income to deem to an SSI recipient, so it must be manually calculated.

**OBJECTIVE:** Our objective was to determine whether the SSA correctly computed SSI payments for recipients with manually deemed income.

**CONCLUSION:** From a sample of 100 recipients who had manually deemed income, SSA did not correctly compute SSI payments for 46. This occurred partly because SSA did not correctly develop all income information when the deemors reported it or it became available from other sources. SSA also did not always consider the correct family members in the household and made various other errors. Further, SSA did not require that a second employee review manually deemed computations.

SSA improperly paid the 46 recipients \$136,569. Specifically, SSA overpaid 12 recipients \$33,375, underpaid 9 recipients \$7,734, and both over- and underpaid 25 recipients \$95,460. Accordingly, we project SSA improperly paid approximately \$105 million in SSI payments to 35,200 SSI recipients with manually deemed income.

**RECOMMENDATIONS:** We recommended that SSA:

- (1) take appropriate action to address the 46 recipients we identified with payment errors;
- (2) issue a reminder to employees on computing SSI payments for recipients who have manually deemed income, focusing on when and how to develop income and consider family members; and
- (3) consider implementing a secondary review process for cases that require manual deeming.

**SSA agreed with our recommendations.**

### INCORRECT PAYMENTS TO DISABLED BENEFICIARIES WHO RETURN TO WORK

**BACKGROUND:** When conducting a work CDR, SSA must consider the effect of work incentives, such as the TWP. The TWP allows disabled beneficiaries to test their ability to work without the threat of losing benefits. The TWP is complete when a beneficiary works 9 months above an established limit within a rolling 60-month period.

After the TWP ends, the Extended Period of Eligibility (EPE) begins. During the first 36 months of the EPE—the re-entitlement period—SSA evaluates monthly earnings based on the SGA threshold. After a one-time grace period, SSA suspends benefits for any month earnings exceed the SGA threshold. If earnings exceed the SGA threshold after the re-entitlement period, SSA terminates benefits.

**OBJECTIVE:** Our objective was to determine the amount and cause of incorrect payments issued to disabled beneficiaries who work after the TWP.

**CONCLUSION:** Of the 200 sampled beneficiaries, 97 had earnings that exceeded SGA after the TWP. Of the 97, SSA incorrectly paid 77. The Agency also incorrectly paid one beneficiary because it erroneously determined earnings had not exceeded SGA. In all, SSA incorrectly paid these 78 beneficiaries almost \$1.3 million.

We estimate SSA overpaid over \$571 million to over 35,000 beneficiaries who completed a TWP in 2012. Of the overpaid amount, SSA incorrectly paid almost \$201 million because it failed to process work CDRs correctly or within its processing time goal and almost \$371 million because beneficiaries failed to report their earnings, as required.

**RECOMMENDATIONS:** We made five recommendations, including that SSA take steps to address issues of accuracy and timeliness in its work CDR process.

*SSA agreed with our recommendations.*

## ACCURACY OF MONTH OF ENTITLEMENT DETERMINATIONS FOR SSI RECIPIENTS AWARDED OASDI BENEFITS

**BACKGROUND:** An OASDI beneficiary's month of entitlement (MOE) is the first month he/she became entitled to benefits. The MOE may be the month the claimant submitted his/her application or the month(s) before or after the application. The MOE may affect an individual's OASDI benefit rate for the rest of his/her life.

The MOE may also affect SSI payments and eligibility. SSA requires that SSI recipients file for all other benefits in the earliest month possible. However, technicians must manually review a variety of factors to determine the earliest MOE.

**OBJECTIVE:** Our objective was to determine whether SSA established the correct MOE when it awarded SSI recipients OASDI benefits.

**CONCLUSION:** We determined SSA technicians had not established the correct MOE in about 23 percent of the OASDI benefit awards to SSI recipients we reviewed. The incorrect MOEs affected both OASDI and SSI program funds. However, the incorrect program distributions partially offset each other in the form of over- and underpayments. We estimated SSA incorrectly issued over \$359 million from OASDI program funds and over \$228 million from SSI program funds to the beneficiaries in our population. After offsetting the incorrect OASDI and SSI program funds, we estimated the resulting financial impact to beneficiaries was over \$135 million.

While the causes of inaccurate MOEs varied, almost all involved SSA technicians making incorrect filing date determinations. According to technicians with whom we spoke, inaccurate MOE determinations resulted from insufficient systems controls, the complexity of SSA's policies and procedures, and inadequate training. In addition, SSA personnel cited time constraints and limited field office resources as factors that hindered technicians' ability to establish the correct MOE.

**RECOMMENDATIONS:** We made four recommendations to improve the accuracy of SSA’s OASDI MOE determinations for SSI recipients.

**SSA agreed with our recommendations.**

## **EFFECTIVENESS OF SSA’S MEDICARE NON-UTILIZATION PROJECT**

**BACKGROUND:** Based on a recommendation in our August 2012 review, *Using Medicare Claim Data to Identify Deceased Beneficiaries* (A-08-09-19105), SSA implemented its Medicare Non-utilization Project (MNUP) in September 2013. SSA and the Centers for Medicare & Medicaid Services (CMS) exchange data, and CMS identifies OASDI beneficiaries who are Medicare enrollees age 90 or older, are in current payment status, have a domestic address, and have not used Medicare Parts A or B for 3 years or longer.

SSA’s preferred method is to conduct telephone interviews to determine whether MNUP beneficiaries are alive. SSA does not include beneficiaries it determines are alive in future MNUP reviews.

**OBJECTIVE:** Our objective was to assess the effectiveness of SSA’s MNUP.

**CONCLUSION:** We reviewed a sample of 46 beneficiaries SSA interviewed via telephone during its 2013 MNUP. We determined that during its 2013 MNUP, SSA incorrectly concluded via a telephone interview that 11 percent of our sample beneficiaries were alive when, in fact, these beneficiaries were deceased at the time of its interviews. On average, the beneficiaries had died 12 years before SSA’s 2013 MNUP, but Agency personnel concluded they were alive. As such, we estimated SSA overpaid 73 deceased beneficiaries about \$16.5 million, which included over \$5 million SSA paid after it incorrectly concluded these beneficiaries were alive. We also estimated that SSA would pay over \$1 million in additional overpayments to deceased MNUP beneficiaries over the next 12 months if it does not suspend or terminate their benefits.

Based on the number of MNUP beneficiaries we determined were deceased, we believe SSA has opportunities to strengthen its MNUP and reduce overpayments.

**RECOMMENDATIONS:** We made three recommendations to improve the effectiveness of SSA’s MNUP.

**SSA agreed with two recommendations. SSA disagreed with conducting face-to-face interviews of all MNUP beneficiaries to establish a baseline of individuals who are alive.**

## **SSI RECIPIENTS WHO HAVE NOT HAD A REDETERMINATION IN LONGER THAN 10 YEARS**

**BACKGROUND:** SSA conducts redeterminations, which are reviews of SSI recipients’ non-medical factors of eligibility, such as income, resources, and living arrangements. The redetermination process is a way of detecting any unreported changes in circumstance that would affect a recipient’s SSI eligibility.

**OBJECTIVE:** Our objective was to identify SSI recipients who might have been overpaid because SSA had not completed a redetermination in longer than 10 years.

**CONCLUSION:** We estimated about 1.1 million SSI recipients—about 1 in 8—had not had a redetermination completed in longer than 10 years because SSA only did a limited number of redeterminations each year

based on its budget. As a result, we estimated about 77,060 SSI recipients might be overpaid approximately \$381.5 million.

As a result of this audit, SSA's Office of Quality Review (OQR) was planning to conduct a similar review in conjunction with its Office of Analytics and Improvements, which is responsible for the error-profiling system SSA uses during its redetermination process.

In a process similar to redeterminations, SSA conducts CDRs of disabled recipients' medical eligibility. The Agency has reported using a mailer process almost doubled the return on investment for conducting CDRs, which allowed the Agency to conduct more CDRs. For example, in FY 2014, more than 1.1 million of the 1.7 million CDRs SSA conducted were completed through the mailer process.

**RECOMMENDATIONS:** We recommended SSA:

- (1) incorporate the findings of this audit, as well as the planned OQR study, to enhance the business process used to select SSI cases for a redetermination; and
- (2) evaluate whether it should implement a process similar to CDR mailers for SSI recipients who have not had a redetermination in 6 years.

***SSA agreed with our recommendations.***

## INVESTIGATIONS

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

INVESTIGATIVE RESULTS			
	10/1/17-3/31/18	4/1/18-9/30/18	FY 2018
Allegations Received	89,449	102,581	192,030
Cases Opened	2,913	2,672	5,585
Cases Closed	3,093	2,911	6,004
Arrests	110	164	274
Indictments/Informations	308	425	733
Criminal Convictions	404	372	776
Civil Actions/CMPs	42	40	82

SSA FUNDS REPORTED			
	10/1/17-03/31/18	4/1/18 – 9/30/18	FY 2018
Recoveries	\$24,531,795	\$42,550,496	\$67,082,291
Fines	\$671,254	\$1,199,826	\$1,871,080
Settlements/Judgments	\$797,168	\$467,450	\$1,264,618
Restitution	\$13,614,889	\$14,894,157	\$28,509,046
Estimated Savings	\$126,373,934	\$125,529,666	\$251,903,600
<b>TOTAL</b>	<b>\$165,989,040</b>	<b>\$184,641,595</b>	<b>\$350,630,635</b>



## ALLEGATIONS RECEIVED BY SOURCE

	10/1/17-3/31/18	4/1/18 – 9/30/18	FY 2018
SSA and DDS Employees	53,328	50,347	103,675
Private Citizens	20,868	32,662	53,530
Anonymous	9,736	11,913	21,649
Law Enforcement	1,385	1,430	2,815
Beneficiaries	2,814	4,907	7,721
Public Agencies	1,168	947	2,115
Other (Congressional, Financial Institutions, Contractors/Grantees, White House, Employee of Contractor, and Employee of Subject)	150	375	525
<b>TOTAL</b>	<b>89,449</b>	<b>102,581</b>	<b>192,030</b>

## ALLEGATIONS RECEIVED BY CATEGORY

	10/1/17-3/31/18	4/1/18 – 9/30/18	FY 2018
Disability Insurance	20,307	22,158	42,465
SSI Disability	10,886	11,144	22,030
SSN Misuse	7,839	10,785	18,624
Old-Age and Survivors Insurance	42,381	34,824	77,205
Other	3,376	8,219	11,595
Threats/Employee Safety	475	425	900
Employee-Related	872*	962	1,834
SSI Aged	881	1,275	2,156
False Personations*	2,432	12,789	15,221
<b>TOTAL</b>	<b>89,449</b>	<b>102,581</b>	<b>192,030</b>

\*The new category, False Personations, includes allegations that were previously included in the Employee-Related allegations category.

	10/1/17 – 3/31/18	4/1/18 – 9/30/18	FY 2018
Total number of investigative reports issued <sup>1</sup>	2,684	2,495	5,179
Total number of persons referred to the Department of Justice for criminal prosecution <sup>2</sup>	589	721	1,310
Total number of persons referred to State and local prosecuting authorities for criminal prosecution <sup>3</sup>	111	130	241
Total number of indictments and criminal informations <sup>4</sup>	308	425	733

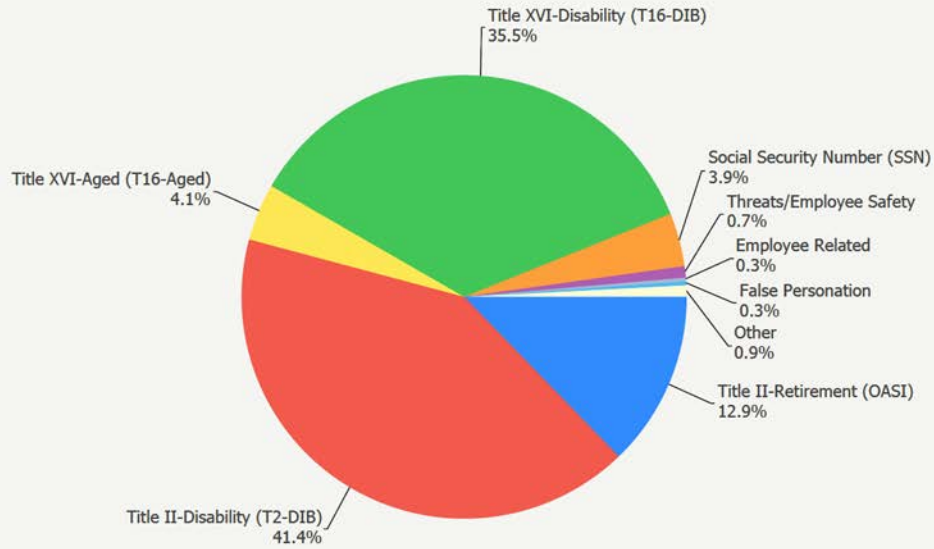
<sup>1</sup> This metric includes the total number of summative reports of investigative findings issued externally by the OI, including prosecution referrals, reports of employee investigation, reports of special investigation, and reports of findings by a CDI unit.

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

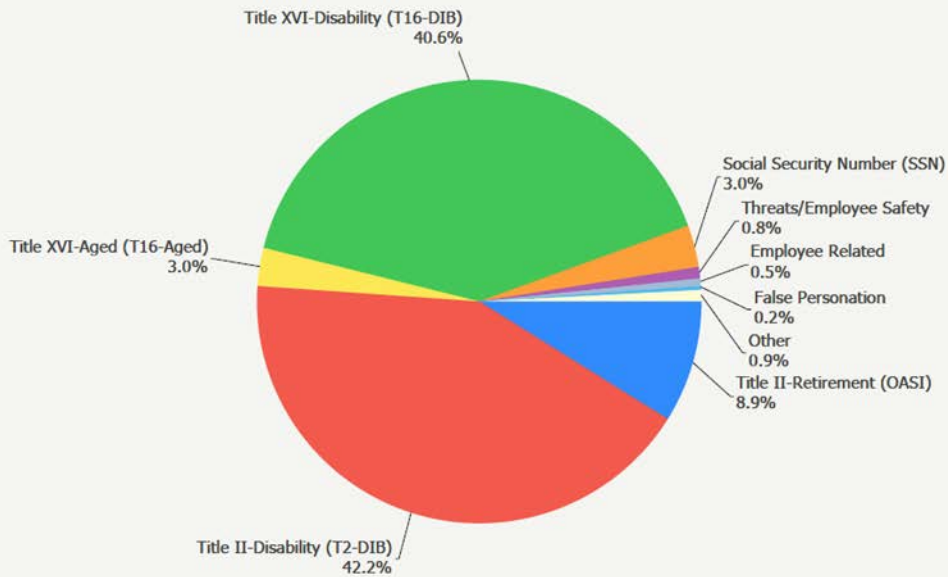
<sup>3</sup> This metric includes the total number of individual subjects or entities referred to State and local prosecuting authorities where the investigative findings were not subject to pre-established prosecution declination guidelines. These persons may also have been referred to DOJ.

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

### Cases Opened by Program Category 4/1/18 Through 9/30/18



### Cases Closed by Program Category 4/1/18 Through 9/30/18



## Significant Investigative Activities

### *Disability Insurance Fraud*

#### **MAN CONCEALS WORK AT TRANSPORTATION COMPANY WHILE COLLECTING DISABILITY BENEFITS**

Acting on information received from the OIG Fraud Hotline, our Jackson, Mississippi office investigated a 54-year old SSA Disability Insurance (DI) beneficiary. The investigation determined that, from January 2009 through June 2016, the man concealed from SSA his work activity at a transportation company by utilizing his wife's SSN. The man pleaded guilty to theft of Government funds and, in April 2018, he was sentenced to 5 months in prison and 3 years' supervised release. He was ordered to repay \$97,083 to SSA.

#### **WOMAN CONCEALS EMPLOYMENT AS HOME HEALTH AIDE FROM SSA**

Based on a referral from the Marion, Ohio, SSA office, our Cleveland, Ohio office investigated a 46-year old DI beneficiary. The investigation revealed that, from April 2012 through October 2016, the woman concealed from SSA her work activity as a home health aide. The woman pleaded guilty to theft of Government funds and, in August 2018, she was sentenced to 5 years' probation. She was also ordered to repay \$59,079 to SSA.

#### **DESIGN ENGINEER SENTENCED TO PRISON FOR DEFRAUDING SSA**

After receiving an allegation from the Martinsville, Virginia SSA office, our Ashland, Virginia office investigated a 48-year old DI beneficiary. The investigation determined that, from December 2009 to December 2015, the man concealed from the SSA that he was working in excess of 60 hours per week as a computer aided design engineer. The man pleaded guilty to theft of Government funds and in May 2018, he was sentenced to 21 months in prison and 2 years' supervised release. He was ordered to pay \$229,644 to SSA.

#### **WOMAN FRAUDULENTLY RECEIVES SSA DISABILITY BENEFITS**

Acting on an allegation received from the Mount Prospect, Illinois SSA office, our Chicago, Illinois office investigated a 63-year old DI beneficiary. The investigation found that, from September 2009 to February 2017, the woman concealed from the SSA that she was employed at a lawn mower and small engine repair business. The woman pleaded guilty to wire fraud and, in May 2018, she was sentenced to 2 years' probation and ordered to pay \$115,484 to SSA.

#### **MAN CONCEALS EMPLOYMENT TO DEFRAUD SSA OF OVER \$130,000**

Based on information received from the FBI office in Lafayette, Louisiana office, our Baton Rouge, Louisiana office investigated a DI beneficiary. The investigation determined that, from December 2007 to May 2012, the man concealed from the SSA his employment as a contract employee for a chemical manufacturing company. The man pleaded guilty to theft of Government funds and, in April 2018, he was sentenced to 3 years' probation. He was also ordered to pay \$130,376 to SSA.

### *SSI Fraud*

#### **DELICATESSEN OWNER DEFRAUDS SSA**

Based on an anonymous referral, our Chicago, Illinois office investigated a 52-year old SSI recipient. The investigation revealed that the man concealed he was the owner/operator of a deli and, from March 2013 through November 2016, he received SSI payments to which he was not entitled. The man pleaded guilty to theft of Government funds and, in May 2018, he was sentenced to 24 months' probation. He was also ordered to repay \$32,611 to SSA.

#### **WOMAN FRAUDULENTLY RECEIVES SSI UNDER SECOND IDENTITY**

Acting on a referral from the Illinois Secretary of State Police Department, our Chicago office investigated a 69-year old SSI recipient. The investigation revealed that the woman fraudulently obtained a second SSN under a second identity and, from 2003 through 2016, she received SSI payments and Supplemental Nutrition Assistance Program benefits under both identities. The woman pleaded guilty to theft of Government funds and, in June 2018, she was sentenced to 3 years' probation, which included 6 months' community confinement. She was ordered to pay \$102,681 to SSA and \$21,096 to the Illinois Department of Human Services.

#### **WOMAN STEALS SSI AND RAILROAD RETIREMENT BENEFITS**

Based on a referral received from the United States Attorney's Office for the Middle District of Florida, our Orlando, Florida office investigated a 62-year old SSI recipient. The investigation determined that, following the death of her co-habitant, the woman received and converted to her own use the Railroad Retirement benefits paid to the deceased. The woman also failed to report the deceased's Railroad Retirement benefits to SSA as income. The woman pleaded guilty to theft of Government funds and, in July 2018, she was sentenced to 12 months in prison and 2 years' supervised release. She was also ordered to pay \$21,486 to SSA and \$37,781 to the Railroad Retirement Board.

#### **TREE TRIMMER FEIGNS DISABILITY TO RECEIVE SSI**

After receiving an allegation from the Omaha, Nebraska SSA office, our Omaha, Nebraska office investigated a 39-year old SSI recipient. The investigation found that the man concealed from SSA his work activity with a tree trimming company and, from October 2007 to February 2015, he received SSI payments to which he was not entitled. The man pleaded guilty to false statement for use in determining SSI benefits and, in July 2018, he was sentenced to 6 months in prison and 3 years' supervised release. He was also ordered to pay \$48,579 to SSA.

#### **MAN CONCEALS MARRIAGE TO RECEIVE SSI**

Acting on information received from the Northeast SSA office in Indianapolis, Indiana, our Indianapolis, Indiana office investigated a 63-year old SSI recipient. The investigation revealed that the man concealed his marital status and, from April 2012 to October 2017, he received SSI payments to which he was not entitled. The man pleaded guilty to welfare fraud, theft, and perjury and, in April 2018, he was sentenced to 3 years' probation and was ordered to repay \$39,386 in to SSA.

### *Representative Payee Fraud*

#### **BROTHER MISUSES DISABLED SISTER'S BENEFITS**

After receiving information from the FBI office in Lander, Wyoming, our Salt Lake City, Utah office investigated a 62-year old representative payee. The investigation determined that, from September 2002 to August 2016, the payee misused DI benefits and SSI payments paid to him on behalf of his disabled sister. The payee pleaded guilty to Social Security fraud and, in April 2018, he was sentenced to 12 months' probation and ordered to repay \$65,544 to SSA.

#### **PAYEE DEFRAUDS SSA BY CONCEALING BENEFICIARY'S WORK AS A GROUNDSKEEPER**

Acting on a referral received from the Independence, Missouri SSA office, our Kansas City, Missouri office investigated a 59-year old representative payee for a DI beneficiary. The investigation found that, from January 2007 through August 2014, the payee concealed that the DI beneficiary was employed as a groundskeeper. The payee pleaded guilty to theft of Government funds and, in April 2018, she was sentenced to 5 years' probation and ordered to repay \$107,023 to SSA.

#### **FATHER STEALS SURVIVOR BENEFITS INTENDED FOR HIS CHILDREN**

After receiving information from the Harrisburg, Pennsylvania SSA office, our Philadelphia, Pennsylvania office investigated a 55-year old representative payee. The investigation revealed that, from October 2014 to February 2016, while receiving Survivors Insurance (SI) benefits on behalf of his two minor children, the payee failed to report that the children did not reside with him and that he did not provide them with financial support. Additionally, the payee filed for and received a \$57,982 life insurance payment, to which he was not entitled. Following a jury trial, the payee was found guilty of theft of Government funds, wire fraud and false statements in an application for SSA benefits and, in March 2018, he was sentenced to 27 months in prison followed by 2 years of supervised release. He was ordered to repay \$64,275 to SSA and \$57,982 to one of his children.

#### **MOTHER PURLOINS DAUGHTER'S BENEFITS**

Based on a referral received from the Camden County Board of Social Services, our Iselin, New Jersey office investigated a 46-year old representative payee. The investigation found that, while receiving SI benefits on behalf of her daughter from November 2013 to October 2015, the payee concealed from the SSA that she did not have custody of her daughter. The woman pleaded guilty to theft by deception and, in May 2018, she was sentenced to 4 years' probation. She was ordered to repay \$26,518 to SSA.

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

After receiving an allegation from the Indianapolis, Indiana SSA office, our Chicago, Illinois office investigated a 54-year old representative payee. The investigation found that, while receiving DI auxiliary benefits on behalf of her son from May 2005 through February 2017, the payee concealed from the SSA that her son was not in her custody. The payee pleaded guilty to theft of Government funds and, in May 2018, she was sentenced to 2 years' probation. She was ordered to repay \$20,942 to SSA.

#### **MOTHER STEALS CHILD'S BENEFITS**

Based on a referral from the Indianapolis Northwest SSA office in Indianapolis, Indiana, our Indianapolis, Indiana office investigated a 32-year old representative payee. The investigation revealed that, while receiving SSI payments on behalf of her child from September 2014 through February 2017, the payee concealed that the child was not in her care or custody. The payee pleaded guilty to theft and, in July 2018, she was sentenced to 545 days in prison (suspended) and 537 days' probation. She was also ordered to repay \$20,433 to SSA.

### *Employee Fraud*

#### **SSA EMPLOYEE LIES TO GET CHILDCARE SUBSIDIES**

Based upon information received from the Bradenton, Florida SSA office, our Clearwater, Florida office investigated an SSA Service Representative. The investigation found that the employee's spouse, who did not have a valid SSN, misused the SSN of another person for employment and that the employee accessed SSA records associated with the misused SSN. The investigation also found that the employee provided fraudulent pay stubs to a childcare facility in order to obtain childcare subsidies to which she was not entitled. The employee resigned from SSA in January 2018. The employee pleaded guilty to theft of Government funds and, in April 2018, the employee was sentenced to 5 years' probation and was ordered to pay restitution of \$28,046 to the Office of Early Learning.

#### **SSA EMPLOYEE AND HUSBAND FRAUDULENTLY RECEIVE SSI AND OTHER BENEFITS FOR SON**

Based upon information received from the SSA Area Director's office in Alabama, our Birmingham, Alabama office investigated an SSA Claims Specialist and her spouse. The investigation, which included assistance from our Digital Forensics Team (DFT), found that the employee and her spouse concealed their living arrangement and income to receive SSI and other needs-based government benefits for their son to which he was not

entitled. The employee was terminated from her employment at SSA in June 2017. Following a jury trial, the employee was found guilty of aiding and abetting mail fraud, aiding and abetting theft of Government funds, Social Security fraud, and fraudulent acquisition of food stamp benefits. In May 2018, the employee was sentenced to 24 months in prison and 2 years' supervised release. The employee was ordered to pay \$14,267 to SSA, \$4,801 to the Alabama Medicaid Agency, and \$6,917 to the Alabama Department of Human Resources. The employee's spouse was found guilty of aiding and abetting mail fraud, Social Security fraud, and attempted witness tampering. In May 2018, the employee's spouse was sentenced to 12 months in prison and 2 years' supervised release. The employee's spouse was ordered to pay \$6,638 to SSA.

#### **SSA EMPLOYEE REDIRECTS BENEFITS TO SELF**

Acting on information received from the Thousand Oaks, California SSA Office, our Los Angeles, California office investigated an SSA Customer Service Representative. The investigation found that the employee rerouted direct deposit payments of SSA benefits to bank accounts under the employee's control on at least two occasions. The employee pleaded guilty to officer or employee converting property of another and, in January 2018, was sentenced to 12 months' probation and ordered to repay \$12,655 to SSA. The employee was suspended by SSA in April 2016 and was removed from government service in May 2018.

#### *Deceased Payee Fraud*

#### **DAUGHTER COLLECTS DECEASED MOTHER'S DISABILITY BENEFITS**

Based on a referral from the SSA Downtown Louisville, Kentucky office, our Lexington, Kentucky office investigated the 32-year old daughter of a DI beneficiary. The investigation revealed that, following her mother's death in March 2010, the woman continued to receive and convert to her own use the DI benefits disbursed for her mother. The woman pleaded guilty to theft of Government funds and Social Security fraud and, in April 2018, she was sentenced to 8 months in prison and 2 years' supervised release. The woman was ordered to pay \$50,146 to SSA.

#### **FRAUDSTER CRIES UNCLE AFTER TAKING DECEASED AUNT'S RETIREMENT BENEFITS**

Acting on an MNUP referral received from the Iselin, New Jersey SSA office, our Iselin, New Jersey office investigated the 56-year old nephew of a Retirement and Survivors Insurance (RSI) beneficiary. The investigation determined that the man continued to receive and convert to his own use the RSI benefits disbursed for his aunt, following her death in February 1998. The man pleaded guilty to theft of Government funds and, in May 2018, he was sentenced to 12 months in prison and 3 years' supervised release. The man was ordered to pay \$184,936 to SSA.

#### **WOMAN COLLECTS DECEASED MOTHER'S RETIREMENT BENEFITS**

Acting on an MNUP referral received from the Cleveland Southwest, Ohio SSA office, our Atlanta, Georgia office investigated the 65-year old daughter of an RSI beneficiary. The investigation determined that, following her mother's death in June 2003, the woman continued to receive and converted to her own use the RSI benefits disbursed for her mother. The woman pleaded guilty to theft of Government funds and, in June 2018, she was sentenced 2 years' probation and was ordered to pay \$119,730 to SSA.

#### **WOMAN CONCEALS FATHER'S DEATH TO COLLECT HIS RETIREMENT BENEFITS**

Based on a referral from OA, our Houston, Texas office investigated the 44-year old daughter of an RSI beneficiary. The investigation determined that, after her father's death in February 2014, the woman created a *my Social Security* online account for her father and falsely updated her father's address information with SSA in order to continue to receive the RSI benefits disbursed for her father. The woman pleaded guilty to theft of Government funds and, in April 2018, she was sentenced to 3 years' probation. The woman was ordered to pay \$81,532 to SSA.

**MAN COLLECTS HIS DECEASED MOTHER’S RETIREMENT BENEFITS FOR OVER TWO DECADES**

Acting on an MNUP referral from the Columbus, Ohio Downtown SSA Office, our Cincinnati, Ohio office investigated the 72-year old son of an RSI beneficiary. The investigation determined that after his mother’s death in 1993, the man continued to receive and convert to his own use the RSI benefits disbursed for his mother. The man pleaded guilty to theft of Government funds and, in August 2018, he was sentenced to 5 years’ probation. The man was ordered to pay \$273,546 to SSA.

**WOMAN COLLECTS HER DECEASED FATHER-IN-LAW’S RETIREMENT BENEFITS**

Based on information received from the SSA South East Program Service Center, our Cleveland, Ohio office investigated the 40-year old daughter-in-law of an RSI beneficiary. The investigation determined that the woman continued to receive and convert to her own use the RSI benefits disbursed for her father-in-law after his death in April 2012. The woman pleaded guilty to theft of Government funds and, in August 2018, she was sentenced to 3 years’ probation. The woman was ordered to pay \$38,855 to SSA.

**MAN COLLECTS DECEASED CENTENARIAN FATHER’S RETIREMENT BENEFITS**

Acting on a Centenarian Project referral from the Memphis Downtown, Tennessee SSA office, our Memphis, Tennessee office investigated the 62-year old son of an RSI beneficiary. The investigation determined that, following his father’s death in November 2002, the man continued to receive and convert to his own use the RSI benefits disbursed for his father. The man pleaded guilty to theft of Government funds and, in July 2018, he was sentenced to 5 years’ probation. The man was ordered to pay \$176,436 to SSA and was also ordered to pay a fine of \$25,000.

**WOMAN COLLECTS HER DECEASED GRANDFATHER’S RETIREMENT BENEFITS**

Acting on an MNUP referral from the San Diego, California SSA office, our San Diego, California office investigated the 40-year old granddaughter of an RSI beneficiary. The investigation determined that after her grandfather’s death in September 2005, the woman received and converted to her own use the RSI benefits disbursed for her father. The woman pleaded guilty to making a false statement to a federal officer and, in August 2018, she was sentenced to 5 years’ probation and was ordered to pay \$108,879 to SSA.

*SSN Misuse*

**WOMAN REDIRECTS HER MOTHER’S RETIREMENT BENEFITS**

Based on information provided by the Fond Du Lac, Wisconsin Police Department, our Milwaukee, Wisconsin office investigated the 36-year old daughter of an RSI beneficiary. The investigation determined that the woman used the Personally Identifiable Information (PII) of her mother to redirect over \$38,000 of her mother’s RSI benefits into a bank account controlled by the woman. The woman pleaded no contest to theft of moveable property and, in June 2018, she was sentenced to 18 months in prison (suspended) and 2 years’ probation.

**WOMAN WORKS UNDER STOLEN IDENTITY WHILE RECEIVING STATE BENEFITS**

Acting on information provided by the Nebraska Department of Health and Human Services, our Omaha, Nebraska office investigated a 37-year old Nebraska woman. The investigation determined that the woman used the identity of another person to conceal her work activity while she received Nebraska state benefits. The woman pleaded guilty to attempted identity theft and, in July 2018, she was sentenced to 30 days in prison and 12 months’ supervised release. The woman was also ordered to pay \$2,640 to the Nebraska Department of Health and Human Services.



#### **MEXICAN NATIONAL FALSELY CLAIMS TO BE U.S. CITIZEN, USES SISTER'S IDENTITY TO RECEIVE BENEFITS**

Based on information provided by the Fontana, California SSA office, our Phoenix, Arizona office investigated a 74-year old Mexican national. The investigation determined that the woman had used the identity of her sister, a U.S. Citizen, to work in the U.S. since the 1970s. In 2013, the woman began receiving RI benefits under her sister's identity. The investigation also found that the woman falsely presented herself to SSA as a U.S. Citizen and falsely applied for a U.S. passport under the identity of her sister. The woman pleaded guilty to false claim to citizenship and, in July 2018, she was sentenced to time served of 148 days and 12 months' supervised release. The woman was ordered to pay \$35,232 to SSA.

#### **WOMAN USES SSN OF ANOTHER TO COMMIT BANKRUPTCY FRAUD**

Based on information received from the United States Attorney's Office, our Washington D.C. office investigated a 44-year old Washington, D.C. woman. The investigation determined that the woman used an SSN assigned to another person to apply to lease a residence and to file bankruptcy. The woman failed to make the rental payments for the residence and filed for bankruptcy in 2013. The woman pleaded guilty to SSN fraud and false statements in bankruptcy and, in June 2018, she was sentenced to 4 months in prison and 3 years' supervised release. The woman was ordered to pay \$34,100 to the owner of the rental property.

### *Interior Enforcement*

#### **INVESTIGATION OF JAMAICAN NATIONAL USING STOLEN IDENTITY OF AMERICAN CITIZEN.**

Based on information provided by the Homeland Security Investigations (HSI), Boston, Massachusetts, Document and Benefit Fraud Task Force, our Boston, Massachusetts office participated in a joint investigation of a 42-year old man. The investigation determined that the man, a Jamaican national, used the identity and SSN of a U.S. Citizen to obtain a Massachusetts Driver's License and employment. The man pleaded guilty to misuse of an SSN and aggravated identity theft and, in August 2018, he was sentenced to 25 months in prison.

#### **SISTERS USE SSN OF ANOTHER PERSON TO WORK**

Acting on a referral from the Decatur, Alabama SSA office, our Birmingham, Alabama office investigated two Guatemalan nationals. The investigation, conducted in conjunction with HSI, determined that the women each used the SSN of a single victim in order to work in the north Alabama area. The women pleaded guilty to falsely representing an SSN and making false statements in immigration documents and, in September 2018, both were sentenced to 6 months' and 21 days' time served and 3 years' supervised release. The women were also ordered to pay \$4,744 to the victim.

### *Digital Forensics*

#### **MAN USES STOLEN IDENTITY TO OBTAIN DISABILITY BENEFITS**

Our Little Rock, Arkansas office investigated a man who used a stolen identity to apply for and obtain DI benefits. In addition, the man worked for cash, and he concealed his work activities from SSA. Our DFT employed digital forensics techniques and found invoices of work performed by the subject and other evidence of the subject's involvement in identity theft and that he concealed work. The man pleaded guilty to aggravated identity theft, theft of Government funds, and failure to appear, and, in April 2018, the man was sentenced to 87 months in prison and 3 years' supervised release. The man was also ordered to pay \$277,767 to SSA.

#### **MAN USES FRAUDULENTLY OBTAINED SSN TO COLLECT BENEFITS WHILE WORKING**

Our Oklahoma City, Oklahoma office investigated a DI beneficiary who used a fraudulently obtained SSN and concealed his income from SSA. Our DFT conducted a digital forensic examination, which found information that the man owned and operated a business from 2006-2010. The man pleaded guilty to concealment of a

material fact and, in May 2018, was sentenced to 18 months in prison and 3 years' supervised release. The man was ordered to pay \$266,982 to SSA.

## Threats and Assaults against SSA Employees

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

During the reporting period, OIG received over 420 allegations nationwide related to employee safety issues, of which over 170 involved assault or harassment, and over 230 were associated with threats against SSA employees or buildings. We also opened 20 cases and closed 22 cases nationwide related to employee safety. The following case summaries highlight significant SSA employee safety investigations we conducted during this reporting period.

### **WOMAN THREATENS TO BLOW UP SSA OFFICE**

Based on information received from the Hot Springs, Arkansas SSA office, our Little Rock, Arkansas office investigated a 42-year old Arkansas woman. The investigation determined that the woman placed a threatening phone call to SSA in which she threatened to blow up the Hot Springs, Arkansas SSA office. The woman pleaded guilty to terroristic threatening and, in April 2018, she was sentenced to 12 months' probation.

### **MAN MAKES THREATENING PHONE CALL TO SSA**

Acting on information from the Lincoln, Nebraska SSA office, our Omaha, Nebraska office investigated a 48-year old DI beneficiary. The investigation determined that the man made threatening statements to an SSA employee during a telephone call. The man pleaded guilty to threats against an SSA official and, in August 2018, he was sentenced to 6 months in prison and 1-year of supervised release.

### **MAN TRIES TO SEND LETTER TO SSA THREATENING TO KILL**

Acting on information from the Investigative Services Unit at the California Institution for Men in Chino, California, our Santa Ana, California office investigated a 44-year old California man. The investigation determined that while in prison, the man attempted to send a letter to SSA in Baltimore, Maryland threatening to kill SSA employees. The letter was intercepted by the institution prior to delivery. The man pleaded no contest to threatening a public employee and, in July 2018, he was sentenced to 16 months in prison.

### **WOMAN THREATENS SSA EMPLOYEES AT SSA OFFICE**

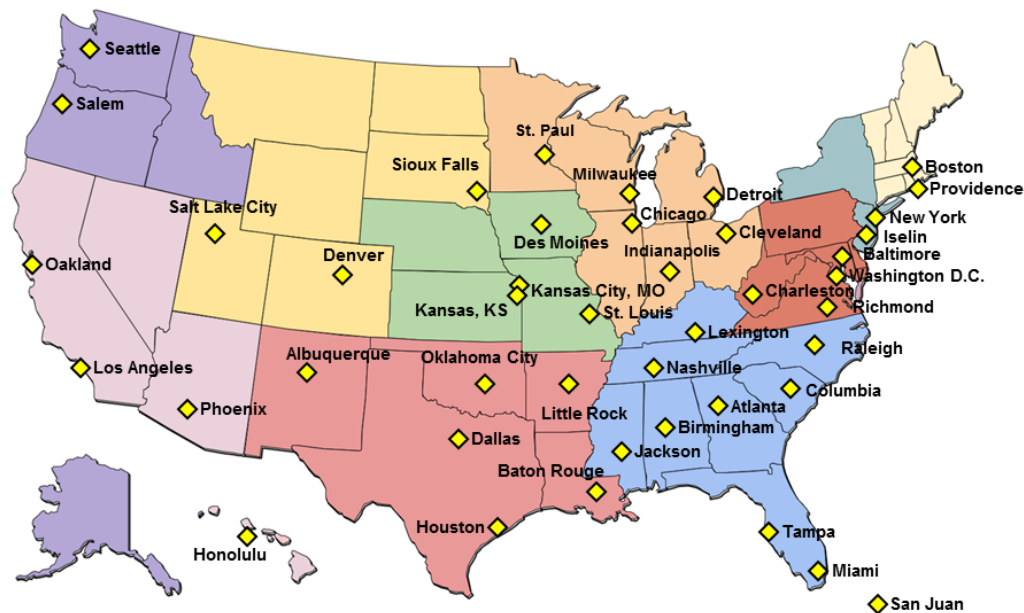
Acting on information from the St. Louis Central West SSA office in St. Louis, Missouri, our St. Louis, Missouri office investigated a 60-year old woman. The investigation determined that the woman made threatening statements to employees at the St. Louis Central West SSA office. The woman pleaded guilty to threats against an SSA official and, in May 2018, she was sentenced to 3 years' probation.

### **WOMAN MAKES THREATS ON SSA FORMS**

Acting on information from the SSA, Office of Hearing Operations, Creve Coeur, Missouri, hearings office our St. Louis, Missouri office investigated a 26-year old SSI recipient. The investigation determined that the woman submitted forms to SSA, on which she had written statements containing threats to blow up government buildings that were directed at SSA. The investigation also determined that the woman had failed to report self-employment income while receiving SSI payments. The woman pleaded guilty to attempting to interfere with administration of the SSA and, in April 2018, she was sentenced to 3 years' probation. The woman was ordered to pay \$4,492 to SSA.

## Cooperative Disability Investigations Program

The CDI program remains one of our most successful initiatives with SSA, contributing to the integrity of the disability programs. CDI is a joint effort among the OIG, SSA, State DDSs, and State/local law enforcement agencies. The units work to obtain sufficient evidence to identify and resolve issues of fraud and abuse related to initial disability claims and CDRs. We established the CDI Program in FY 1998 with units in just five States; currently, the program consists of 43 units covering 37 states, the District of Columbia, and the Commonwealth of Puerto Rico. During the reporting period, the OIG and SSA opened new units in Albuquerque, New Mexico; Honolulu, Hawaii; and Indianapolis, Indiana.



### LOS ANGELES MAN USES FRAUDULENT SSN TO CONCEAL EMPLOYMENT

Acting on an anonymous referral, our Los Angeles, California CDI Unit investigated a 59-year old DI beneficiary. The investigation determined that from January 1997 through June 2014, the man concealed his employment with a potato chip manufacturing company from SSA by working under a fraudulent SSN. The man pleaded guilty to theft of Government funds and Social Security fraud and, in April 2018, he was sentenced to 1 year in prison and 2 years of supervised release. He was ordered to pay \$272,719 to SSA and a \$4,400 fine.

### DETROIT MAN ATTEMPTS TO DEFRAUD SSA

After receiving a referral from the Michigan DDS, our Detroit, Michigan CDI Unit investigated a 58-year old man who applied for concurrent SSI and DI. The investigation revealed that the man submitted altered and fabricated records to the DDS regarding his medical diagnosis. Based on the results of the investigation, in May 2018, the Michigan DDS denied the man's concurrent application for DI and SSI, resulting in SSA savings of \$47,814 and Non-SSA savings of \$74,567.

**EMPLOYEE CONSPIRES WITH CHIEF EXECUTIVE OFFICER TO COMMIT FRAUD**

Based on information received from the General Counsel for a medical supply company, our Saint Paul, Minnesota CDI Unit investigated a 60-year old DI beneficiary. The investigation revealed that from January 2000 through September 2016, the beneficiary and the Chief Executive Officer (CEO) of the medical supply company conspired to conceal from SSA the beneficiary's employment as a repair technician. The beneficiary and the CEO both pleaded guilty to conspiracy to theft of Government funds. The beneficiary and the CEO were sentenced in April and May 2018, respectively. Both men were sentenced to 3 years' probation and ordered to pay joint restitution of \$352,109 to SSA and \$79,339 to the Centers for Medicare and Medicaid Services. The owner of the medical supply company was also ordered to pay a \$4,000 fine. In May 2018, the U.S. Attorney's Office, District of Minnesota, executed a Settlement Agreement with the medical supply company and its owner. The medical supply company agreed to pay \$91,915 and the owner agreed to pay \$275,745. Of the total settlement amount, \$336,160 was payable to SSA and \$31,488 was payable to the Department of Health and Human Services.

**HOUSTON MOTHER FALSIFIES DOCUMENT TO OBTAIN DISABILITY BENEFITS FOR SON**

Acting on information received from the Texas DDS, our Houston, Texas CDI Unit investigated a 30-year old representative payee. The investigation found that, during a CDR the woman provided falsified documents to Texas DDS that exaggerated her child's disability. Based on the results of the investigation, in March 2018, the Texas DDS ceased the child's benefits resulting in SSA Savings of \$46,200 and Non-SSA Savings of \$80,805. The woman pleaded guilty to tampering with a government record and, in July 2018, she was sentenced to a 4-year deferred sentence.

**SAN JUAN MAN CONCEALS OWNERSHIP OF TOWING BUSINESS TO OBTAIN DISABILITY BENEFITS**

Based on an anonymous allegation, our San Juan, Puerto Rico CDI Unit investigated a 59-year old DI beneficiary. The investigation determined that from January 2004 through August 2015, the man concealed from the SSA that he was owner and operator of a towing company. The man pleaded guilty to false statements or representations to SSA and, in May 2018, he was sentenced to 6 months in prison and 2 years' probation. He was ordered to pay \$97,838 in restitution to the SSA.

## CDI Program Results

State	Claims Denied/Ceased	Judicial Actions <sup>1</sup>	SSA Savings <sup>2</sup>	Non-SSA Savings	SSA Recoveries <sup>3</sup>
Alabama	3	0	\$175,745	\$124,203	\$0
Arizona	23	2	\$1,383,457	\$1,721,056	\$97,648
Arkansas	33	1	\$2,049,868	\$1,709,944	\$3,427
California <sup>4</sup>	220	3	\$11,055,750	\$16,949,283	\$178,810
Colorado	11	0	\$607,181	\$577,047	\$95,094
District of Columbia	5	0	\$193,880	\$400,364	\$15,106
Florida <sup>5</sup>	113	0	\$6,158,057	\$6,671,428	\$0
Georgia	76	0	\$4,306,131	\$4,273,684	\$14,752
Hawaii <sup>6</sup>	0	0	\$0	\$0	\$0
Illinois	35	1	\$1,886,765	\$1,796,911	\$133,332
Indiana <sup>7</sup>	0	0	\$0	\$0	\$0
Iowa	17	0	\$896,068	\$1,070,509	\$196,803
Kansas	16	2	\$1,126,519	\$1,085,861	\$277,580
Kentucky	55	3	\$2,967,855	\$2,979,080	\$231,894
Louisiana	12	0	\$659,220	\$736,587	\$44,887
Maryland	12	2	\$830,153	\$721,611	\$12,341
Massachusetts	14	0	\$630,366	\$1,079,930	\$16,486
Michigan	42	1	\$2,585,640	\$3,175,954	\$591,671
Minnesota	10	4	\$512,481	\$1,382,738	\$715,680
Mississippi	56	0	\$2,857,699	\$3,176,321	\$116,052

State	Claims Denied/Ceased	Judicial Actions <sup>1</sup>	SSA Savings <sup>2</sup>	Non-SSA Savings <sup>3</sup>	SSA Recoveries <sup>4</sup>
Missouri <sup>8</sup>	53	3	\$3,073,471	\$3,651,072	\$335,628
New Jersey	19	0	\$1,057,530	\$1,201,648	\$65,827
New Mexico <sup>9</sup>	0	0	\$0	\$0	\$0
New York	39	0	\$2,562,771	\$2,956,488	\$0
North Carolina	46	0	\$3,080,416	\$3,132,224	\$169,721
Ohio	104	2	\$5,595,331	\$8,647,470	\$641,536
Oklahoma	73	0	\$3,831,853	\$3,835,943	\$0
Oregon	86	2	\$4,501,781	\$6,036,499	\$341,492
Puerto Rico	126	8	\$11,813,125	\$5,147,875	\$12,437,965
Rhode Island	11	4	\$538,175	\$619,420	\$367,953
South Carolina	174	0	\$8,803,800	\$10,079,461	\$40,484
South Dakota	2	0	\$120,564	\$127,398	\$23,131
Tennessee	7	0	\$535,193	\$248,297	\$161,716
Texas <sup>10</sup>	41	1	\$2,087,034	\$2,972,191	\$0
Utah	30	1	\$1,649,821	\$1,826,714	\$166,231
Virginia	79	1	\$3,937,549	\$5,587,683	\$29,588
Washington	15	1	\$753,039	\$946,129	\$8,000
West Virginia	26	1	\$1,351,487	\$1,559,069	\$97,519
Wisconsin	8	0	\$574,173	\$548,109	\$173,561
(10/1/17-3/31/18)	1,679	19	\$91,738,970	\$110,645,815	\$2,830,593
(4/1/18 – 9/30/18)	1,692	43	\$96,749,948	\$108,756,201	\$17,801,915
<b>FY 2018 TOTAL</b>	<b>3,371</b>	<b>62</b>	<b>\$188,488,918</b>	<b>\$219,402,016</b>	<b>\$20,632,508</b>

- <sup>1</sup> CDI-related SSA program savings are calculated using a variable method that considers the type of program involved, as well as factors that account for nationwide denial/cessation rates.
- <sup>2</sup> Non-SSA Savings are 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.
- <sup>3</sup> SSA Recoveries include restitution, recoveries, fines, settlements and judgements.
- <sup>4</sup> California has two units, one in Los Angeles and the other in Oakland.
- <sup>5</sup> Florida has two units, one in Tampa and the other in Miami.
- <sup>6</sup> The Honolulu, Hawaii CDI Unit became operational in September 2018.
- <sup>7</sup> The Indianapolis, Indiana CDI Unit became operational in September 2018.
- <sup>8</sup> Missouri has two units, one in Kansas City and the other in St. Louis.
- <sup>9</sup> The Albuquerque, New Mexico CDI Unit became operational in September 2018.
- <sup>10</sup> Texas has two units, one in Dallas and the other in Houston.



## LEGAL

Our attorneys provide legal support for all aspects of the OIG mission to ensure legal sufficiency, accuracy, and consistency. Principal areas are investigation, audit, litigation, legislation and fraud prevention. We also maintain an attorney-on-call phone line to provide “real-time” legal advice. The legal support our attorneys provided this period included timely evaluation of:

- New CDI Unit agreements for Hawaii, Indiana and New Mexico, multiple updated/renewed CDI Unit agreements, and a myriad of legal issues relating to CDI operations and/or investigations;
- Legal issues pertaining to conducting audits or investigations of SSA programs and/or operations to facilitate timely detection and prevention of fraud, waste and abuse.
- The legal sufficiency of 993 subpoenas, all but one of which were processed through the new automated Subpoena Tool typically with 1-day review, for a total of 2,093 in FY 2018;
- Requests for special agent testimony and investigative documents in Federal, State, and local courts and administrative proceedings, determining appropriate testimony and document production, and assisting in testimony preparation; and
- 28 Freedom of Information Act requests for OIG records for appropriate disclosure, for a total of 66 in FY 2018.

In addition to handling Section 1129 CMP cases, we assessed and improved the program. We streamlined our internal processes and revised CMP correspondence and legal documents to clarify language so that subjects more easily understand the government’s charges, their due process rights and terms of settlement.

Our Section 1140 CMP program protects the public from fraudulent schemes that misuse SSA’s name, symbols, or emblems. Through our Section 1140 Consumer Protection Outreach and Enforcement Program, we deterred potential violations by issuing more than 200 Section 1140 education letters to the private sector. We also imposed penalties totaling \$76,500 and achieved voluntary cooperation through two Section 1140 settlements.

We provided litigation support in multiple Federal and administrative matters, including to an Assistant U.S. Attorney who is defending a challenge to a CMP decision in the 6th Circuit Court of Appeals.

Our attorneys leveraged technology to design and launch well-targeted, right-sized legal refresher and emerging issues training programs responsive to the needs of our Criminal Investigators and other OI employees. Further, our attorneys reviewed and commented on numerous legislative proposals through SSA requests and participation in the CIGIE Legislative Committee (see Appendix I).

In support of the Whistleblower Coordinator program, which is led by the Chief Counsel who is SSA’s Whistleblower Coordinator, our attorneys ensured OIG compliance with new whistleblower statutes and Office of Special Counsel guidance (see details below).

## Section 1129 Enforcement

SSA programs provide a critical financial safety net for those individuals eligible for retirement, disability, survivors, and other benefits. One way we protect the integrity of Social Security programs from fraud, waste, and abuse is through CMPs.

Our CMP Program, which targets violations of Section 1129 of the *Social Security Act*, maximizes available resources, and creates a positive return on investment. Section 1129 authorizes a CMP to: (1) anyone who makes any false statements or representations to obtain or retain benefits or payments under Titles II, VIII, or XVI of the *Social Security Act*; (2) representative payees for wrongful conversion of payments; and (3) individuals who knowingly withhold a material fact from SSA.

A CMP consists of penalties of up to \$8,249 for each false statement, representation, conversion, or omission and an assessment of up to twice the amount of any resulting overpayment or conversion. When an OIG investigation finds fraud, we refer the matter to DOJ for possible criminal or civil prosecution. If DOJ declines to take action, we are authorized to propose CMPs against wrongdoers.

In this reporting period, we assessed 1,035 cases referred from OI, opened 268 CMP cases for further development, successfully resolved 36 cases, and imposed more than \$2.4 million in assessments and penalties. When we do not open a CMP case, we refer the matter to SSA for consideration of administrative action, including sanctions.

## Section 1129 Case Highlights

### *Deceased Payee*

#### **MISSOURI WOMAN FRAUDULENTLY COLLECTS DECEASED HUSBAND'S RETIREMENT BENEFITS**

A woman fraudulently received \$33,588 in SSI benefits when she failed to report her correct address to SSA. Unaware that she moved from Los Angeles, CA to Las Vegas, NV, SSA continued to pay her the CA state supplement for almost 6 years. She also failed to report earnings received under a second SSN. Upon referral to OCIG for CMP action, we imposed an assessment of \$33,588 and a penalty of \$210,000, for a total CMP of \$243,588.

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

A woman failed to notify SSA that her mother, who received Widow's Insurance Benefits, passed away. The daughter continued to withdraw and use the Social Security benefits that were direct-deposited into a joint account for 3 years after her mother's death. By withdrawing the money from the joint account, she falsely represented to SSA that her mother was alive and entitled to benefits. We imposed an assessment of \$15,734 and a penalty of \$34,000, for a total CMP of \$49,734.

#### **ILLINOIS MAN WITHDREW AND USED DECEASED MOTHER'S RETIREMENT BENEFITS**

A son failed to notify SSA that his mother, who received RIB, passed away, and the son continued to withdraw the benefits that were direct-deposited into a joint bank account he shared with his mother. By withdrawing the money from the joint account, he falsely represented to SSA that his mother was alive and entitled to benefits. We imposed an assessment of \$74,744 and a penalty of \$42,000 for a total CMP of \$116,744.

## *False Statements/Omissions*

### **NEVADA WOMAN FRAUDULENTLY RECEIVED SSI BENEFITS BY FAILING TO REPORT HER TRUE LIVING ARRANGEMENTS**

A woman fraudulently received \$33,588 in SSI benefits when she failed to report her correct address to SSA. Unaware that she moved from Los Angeles, CA to Las Vegas, NV, SSA continued to pay her the CA state supplement for almost 6 years. She also failed to report earnings received under a second SSN. Upon referral to OCIG for CMP action, we obtained a default for an assessment of \$33,588 and a penalty of \$210,000, for a total CMP of \$243,588.

### **VIRGINIA MAN CONCEALS OWNERSHIP OF REAL ESTATE TO FRAUDULENTLY COLLECT SSI**

An SSI recipient in Virginia failed to report his ownership of two real estate properties on various forms he had submitted to SSA. Over the course of 5 years, he had wrongfully received \$27,189 of SSI. The subject eventually entered into a settlement agreement with OCIG and agreed to pay a total CMP of \$32,189.

### **OHIO MAN FAILED TO REPORT WORK ACTIVITY WHILE RECEIVING DISABILITY AND SSI**

An Ohio man failed to notify SSA that he was engaging in work activity at the time of application for Disability Insurance Benefits and SSI payments. He continued to work and collect benefits for 2 years until his fraud was uncovered by an OIG investigation. The investigation demonstrated that the subject concealed his earnings by creating a fraudulent contract between a friend and the company that employed him, although he was actually performing the work activity. We imposed an assessment of \$60,204 and a penalty of \$98,000, for a total CMP of \$158,204.

### **KANSAS WOMAN FAILED TO REPORT MARRIAGE WHILE RECEIVING SSI PAYMENTS**

A Kansas woman failed to report her marriage, true living arrangements and true income to SSA while receiving SSI payments. She continued to collect these payments for over 6 years until her husband passed away. After her husband's death, she applied for survivor benefits on her late husband's account. The OIG investigation demonstrated that the subject deliberately concealed her marital status, her true living arrangements and her husband's income to continue to receive SSI payments. OCIG imposed an assessment of \$55,805 and a penalty of \$98,000, for a total CMP of \$153,805.

## *Rep Payee Conversions*

### **MASSACHUSETTS AUNT FRAUDULENTLY CONVERTED NEPHEW'S SURVIVORS BENEFITS**

An aunt misused \$41,644 in Survivors Benefits while serving as a representative payee for her nephew on the account of his deceased father. She converted the benefits intended for her nephew's care and support after his father's death to her own use and that of other relatives. The aunt falsely represented that she used all the Survivors Benefits for her nephew. We imposed an assessment of \$41,644 and a penalty of \$80,000, for a total CMP of \$121,644.

### **OHIO FATHER FRAUDULENTLY CONVERTED DAUGHTER'S AUXILIARY BENEFITS**

A father, who received disability benefits, failed to report that his daughter no longer resided in his home for 2 years. He misused \$17,052 in auxiliary benefits while serving as a representative payee for his daughter. He converted the benefits intended for his daughter's care and support to his own use. The father falsely represented that his daughter continued to reside with him and that he used all the auxiliary benefits for her care and support. OCIG imposed an assessment of \$17,052 and a penalty of \$34,104, for a total CMP of \$51,156.

**ALABAMA WOMAN WRONGFULLY RECEIVES SURVIVORS BENEFITS ON BEHALF OF CHILDREN**

An Alabama woman made material omissions and false statements to SSA in an effort to maintain Survivors Benefits on behalf of her children. Specifically, the woman failed to report that her children were no longer in her custody. As a result, she wrongfully received \$30,669 in Survivors Benefits on behalf of her children from December 2012 to August 2017. We imposed an assessment of \$30,669 and a penalty of \$20,000 for a total CMP of \$59,669.

SECTION 1129			
	10/1/17-3/31/18	4/1/2018 – 9/30/2018	FY 2018
OI Cases Evaluated for Potential CMP	1,127*	1,035	2,162
Cases Accepted for CMP Development	111	268	379
Cases Successfully Resolved <i>(imposed penalty through settlement, default of judicial order)</i>	33	36	69
Assessments & Penalties	\$1,566,074**	\$2,472,416	\$4,038,490
Hearings Requested	8	6	14

\* Adjusted from 1,175 (system reconciliation)

\*\* Adjusted from \$1,566,704 (typographical error)

**Section 1140 Enforcement**

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

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

### **PUBLISHER OF BOOK “OFFICIAL SSA ANSWERS” AGREES TO PAY \$22,500 PENALTY**

OIG reached agreement with a New York-based publisher who agreed to pay a \$22,500 civil monetary penalty to settle the Government’s claim that the publisher’s for-sale book “Official Social Security Administration Answers to 100 Frequently Asked Questions about Retirement” and marketing practices falsely conveyed the impression that the book was an official SSA publication or was otherwise approved, endorsed, or authorized by SSA, in violation of Section 1140 of the *Social Security Act*.

The book’s cover included the words “Official” and “Social Security Administration,” along with an image of a bald eagle, an image commonly associated with SSA and the Federal Government. Marketing also identified SSA as the book’s author. OIG determined the book’s design and publisher’s marketing practices had the potential to lead consumers to believe they were purchasing or reviewing an official SSA publication. The publisher fully cooperated with the OIG inquiry. Without admitting to violating the law, the publisher agreed to comply with Section 1140 and discontinue publishing, marketing, distributing, and selling the book, in addition to paying a penalty.

### **LEXISNEXIS RISK SOLUTIONS AGREES TO PAY \$54,000 PENALTY**

LexisNexis Risk Solutions (LNRS), a LexisNexis Group subsidiary, agreed to pay a \$54,000 CMP to settle the Government’s claim that the company violated Section 1140 by publishing misleading online advertising regarding “SSA Verify” - the LNRS marketing name for its access to the SSA’s Consent Based Social Security Number Verification service. The Government alleged the LNRS’ advertising misrepresented the characteristics and functionality of its SSA Verify product by suggesting it provided LNRS customers with Social Security Administration identify verification and a direct link to Social Security records.

Although LNRS asserted that it did not violate the law, the company fully cooperated with the OIG inquiry and promptly discontinued the at-issue online advertising upon receiving notice of the Government’s alleged violation.

## **Section 1140 Consumer Protection and Early Detection**

The focus of our 1140 program is early intervention to minimize harm to the public and SSA’s reputation, while also allowing violating individuals and entities the opportunity to bring their operations into compliance with Section 1140. A cornerstone of our prevention and early detection strategy is outreach to our private sector partners, who help identify potential violators.

Our prevention activities include outreach to both private and public sector groups. These prevention efforts help protect consumers from mistakenly landing on unofficial websites and paying for services that are available free from SSA, and/or disclosing personal information under the mistaken belief that the consumer is at SSA’s official website. They also protect consumers from mistakenly believing that SSA is endorsing a non-Government product or service.

Our early detection activities with our public sector partner include identifying newly registered website names that suggest potential for violation—often before the websites become operational. Our goal is to prevent violations from actually occurring. When we identify SSA-related and/or potentially violative websites, OCIG sends an educational letter about Section 1140 to the website operator.

OIG’s Section 1140 Consumer Protection Outreach and Enforcement Program is working with SSA and a major search engine company to help consumers better locate information on SSA’s Internet website. OIG

anticipates that as consumer efficiency in locating SSA-related information on SSA’s official Internet website increases, consumers falling victim to fraudulent websites or websites providing incorrect SSA information will decrease.

SECTION 1140 FY 2018 Activity			
Category	10/1/2017 – 3/31/2018	4/1/2018 – 9/30/2018	FY 2018
Allegations Received	21	23	44
No CMP Action Warranted	19	9	28
CMP Action Resolved (Shutdown Violative Operation, Voluntary Compliance, Settlement Agreement or Referred to appropriate Agency)	1	2	3
Prevention/Early Intervention Efforts: Contacts with Public and Private Sectors	54	268	322

## Litigation

A significant part of OCIG’s work is litigation assistance to Assistant U.S. Attorneys, OIG employees, and SSA counsel. We prepare OIG employees – primarily investigators – to testify in administrative hearings, such as the Merit Systems Protection Board and arbitration hearings, related to their work, and coordinate and collaborate with SSA attorneys who request OIG documents for use in such proceedings. As detailed below, this period was particularly active, including:

- Providing CMP process expertise to an Assistant U.S. Attorney in a 6<sup>th</sup> Circuit case.
- Responding to 6 new administrative hearing requests, in addition to the 8 pending requests, settling some cases and litigating others.
- Working with the DoJ to enforce subpoenas in Federal district courts after OCIG compliance efforts were unsuccessful.

## *Litigation Support to U.S. Attorney in Sixth Circuit CMP Appeal*

OIG attorneys provided litigation assistance to the Department of Justice in the Sixth Circuit case, *Michelle Valent v. Commissioner of SSA*. Ms. Valent is challenging the OIG's imposition of a CMP related to her failure to report work activity. At the request of the assigned Assistant U.S. Attorney, OCIG attorneys provided litigation assistance, including interpreting relevant SSA statutes and regulations, explaining CMP processes, reviewing and commenting on the draft and supplemental briefs, and participating in moot court preparation prior to the Sixth Circuit hearing. The *Valent* case is a companion case of the Second Circuit case of *Cappetta v. Commissioner*, in which OIG attorneys provided similar litigation support. The *Valent* oral argument occurred on October 3, 2018.

Shortly before the *Valent* oral argument, on September 14, 2018, the Second Circuit, upheld the Departmental Appeals Board's (DAB) conclusion in *Cappetta* that a failure to report work activity to SSA was a violation of the Civil Monetary Penalty provisions of the Social Security Act subjecting a violator to the imposition of civil monetary penalties. The court also remanded the case to the DAB for a CMP determination consistent with its finding that the record did not support the imposition of the prior CMP. As a result of this decision, the Sixth Circuit requested the parties to file supplemental briefs by September 25 to address the impact of *Cappetta* on the *Valent* case. OIG attorneys assisted with the supplemental brief.

As with *Cappetta* in the Second Circuit, *Valent* came to the Sixth Circuit in a circuitous route. In 2013, OCIG proposed a CMP against Ms. Valent, a Title II recipient, due to her failure to report her work activity while she received benefits from September 2009 to January 2013. Ms. Valent requested a hearing before an ALJ who twice ruled against OCIG, determining that Ms. Valent's work activity was not a material fact for purposes of the disclosure requirement. OCIG twice appealed the ALJ's decision to the DAB. In the DAB's second decision, the DAB imposed a CMP of \$75,000 and an assessment in lieu of damages of \$51,410. This decision became the Commissioner's final decision.

## *CMP Administrative Litigation*

During this period, OIG attorneys litigated Section 1129 CMP cases at the administrative hearing level. Six new hearing requests were filed during the period, bringing the total number of hearing requests during FY 2018 to 14. OIG attorneys settled some of these matters after the hearing was requested; in others, we engaged in active litigation, filing numerous motions, responsive pleadings, and briefs.

During this period, OIG received a favorable decision from an ALJ, agreeing with the Government's position that the Respondent in the matter withheld information material to determining eligibility for SSI benefits and ruled that OIG's proposed CMP. The case has been appealed, where OIG will continue to pursue the CMP.

## *Civil Litigation: Enforcing Inspector General Subpoenas*

In FY 2018, we fully implemented our web-based "IG Subpoena Tool" (IGST). We issued 2,093 IG subpoenas, and all except one were generated by the IGST. This is more than double the number we issued any previous year.

In FY 2018, the vast majority of targets complied with our subpoenas, although enforcement litigation increased. To more efficiently enforce this increased workload, and to improve the timeliness, quality, consistency, and uniformity of our enforcement litigation, we streamlined our enforcement business process, including how we work with DoJ, who has jurisdiction to enforce our actions in Federal court.

In FY 2018, using our improved business process, we successfully enforced 11 IG subpoenas, and 2 are still pending, for a total of 13 enforcement actions for the FY. The growth of enforcement litigation significantly increased our litigation workload, but comprised merely 0.6 percent of all IG subpoenas issued.

OCIG successfully enforced 7 of the 13 challenged subpoenas at the initial stage of enforcement – when OCIG educates the target about our subpoena authority. Three challenged subpoenas moved to the second phase of enforcement - when we engage DOJ to represent us in Federal court. Those three cases also resolved in our favor. As we describe below, we took one case to the third stage of enforcement – when Federal courts determine the legitimacy of our subpoenas - and prevailed there too.

### *United States v. City of Chesapeake, Commissioner of the Revenue*

In September 2017, an OI Special Agent served an IG subpoena for financial records on the Commissioner of the Revenue for the City of Chesapeake, in the State of Virginia. The City of Chesapeake refused to comply with our subpoena absent a court order, citing Virginia’s privacy law. Although OCIG educated the Attorney for the City of Chesapeake about the subpoena authority of IGs, it continued to refuse to comply. Therefore, OCIG worked with the U.S. Attorney’s Office for the Eastern District of Virginia to enforce the subpoena in Federal court.

In April 2018, the *Petition to Enforce* was filed in the U.S. District Court in Norfolk, Virginia. In its response, the City of Chesapeake acknowledged that our subpoena met all the legal elements for enforcement. However, the City of Chesapeake argued that under Virginia law it was “unduly burdensome” for them to comply, and that Virginia’s privacy law was not in conflict with the IG Act.

In August 2018, the Court unequivocally upheld the *Petition to Enforce* and ordered the City of Chesapeake to produce the subpoenaed documents. Most importantly, the Order explained that the Supremacy Clause would take precedence if the Virginia law had required a court order for disclosure and conflicted with the IG Act. The Court also addressed other issues the City of Chesapeake raised. It noted that the law considers only the “administrative burden” involved in compliance. The judge stated that the sealed, responsive records he had received from the City of Chesapeake – which he pointedly declined to review -- consisted of no more than a few sheets of paper. Therefore, producing them to the Court had not been unduly burdensome. The judge also noted that the Virginia privacy law specifically allows for the disclosure of records “as otherwise provided by law” – on which basis the IG Act would qualify.

## **Whistleblower Coordinator Program**

The Chief Counsel to the IG is designated as the Whistleblower Coordinator pursuant to the *Whistleblower Protection Coordination Act* (WPCA). Our attorneys assist the Chief Counsel in implementing the OIG’s whistleblower protection coordinator program. The primary statutory goal is to educate agency employees and managers about protections and prohibitions against retaliation for protected disclosures. The WPCA enhanced the Coordinator’s role to assist the Inspector General in “promoting timely and appropriate handling and consideration of protected disclosures and allegations of reprisal.”



This was a busy period, as we took action to comply with the WPCA and the long-awaited Office of Special Counsel guidance on implementation of the *Whistleblower Protection Enhancement Act of 2012*. We worked with OIGs from across the government in the OIG Whistleblower Coordinator Work Group and with other OIG components to ensure statutory compliance. We completed the following in this period:

- Updated our Whistleblower Protection Coordinator website for required statutory and OSC changes.
- Issued memoranda to OIG components regarding their use of non-disclosure policies, forms, and agreements (NDAs) to ensure that required statutory language was incorporated into NDAs and also posted on our external website.
- Collaborated internally on documentation of the OIG whistleblower process to ensure metrics/timelines are established, allegations are appropriately referred from one component to the other, and that, when appropriate, we send complainants an educational letter.
- Revised the Whistleblower Protection Coordinator's educational letter to provide substantive information about rights and remedies, and revised our record-keeping process.
- Revised multiple chapters of OIG's Administrative Policies and Procedures Manual to address whistleblower protections.

## SUPPORT

### Budget

For FY 2018, OIG's annual appropriation was \$105.5 million, with \$0.6 million in reimbursable work, which supported a staffing level of 495 employees. Salaries and benefits for our employees accounted for 86 percent of overall spending. The remaining 14 percent of spending provided for basic infrastructure needs such as rent, reimbursable work authorizations, fleet, and interagency service agreements, as well as necessary expenses for travel, training, communications, and general procurement. In support of the Office of Management and Budget mandate to reduce the Federal footprint and associated costs, we conducted a thorough analysis of our office space needs. As a result, we created and continuously update our plan to reduce the footprint of OIG offices over the next five years. Going forward, the cost savings in rent will allow us to support other initiatives within our organization. We expend our appropriation each year supporting our responsibility to achieve the goals set forth in the [OIG Strategic Plan for Fiscal Years 2016-2020](#). In addition, the goals and accomplishments measured in the OIG Strategic Plan are published in SSA's Annual Congressional Budget Justification.

### Human Resources

The OIG actively pursues and works to retain our best employees. We focus on creating a culture to ensure smart recruitment, tailored internal training, effective leadership-transition efforts, and reciprocal developmental programs. During this reporting period, we continued to offer a series of professional development opportunities in the form of competitive temporary assignments to use knowledge-transfer practices, bridge knowledge gaps, and drive innovation for organizational performance improvement. We continue to expand our internal OIG Mentor Program, and we revised our existing mentor program to focus on strengthening employee core competencies. The program is designed to ensure that every participant is assigned a more experienced staff member in furtherance of his or her own professional career development.

### Whistleblower Allegations

The *Inspector General Act* authorizes the OIG to receive and investigate whistleblower allegations, or allegations from SSA employees, contractors, and job applicants concerning alleged mismanagement, waste of funds, abuse of authority, specific danger to public health or safety, or other violations within the Agency. Federal law protects government employees, contractors, and job applicants who submit whistleblower allegations from certain prohibited personnel practices, including, for example, a significant change in duties or a disciplinary action.

OIG's human resources department evaluates all incoming whistleblower disclosures—and allegations of retaliation—from SSA employees, contractors, and job applicants and determines if OIG action is necessary. These allegations are often complex in nature and require several communications with the complainant(s) to fully develop the facts and take appropriate action. During this reporting period, we received and processed 4 whistleblower allegations; we closed 3, and 1 remains open. At the end of the reporting period, a total of 7 whistleblower allegations, to include those received before this period, remained open.

## Information Technology

OIG IT specialists continued their efforts to update and improve our systems environment. We initiated upgrades to our current hardware and software infrastructure that houses our National Investigative Case Management System (NICMS) and administrative applications. We are investigating replacement options for NICMS and our administrative applications. We are nearing completion of our data-center consolidation by utilizing virtualization and SSA's Data Center Virtual Infrastructure environment. This will reduce our need to replace equipment and eliminate the need for physical hardware at many of OIG's remote sites. Our IT staff analyzes industry trends to identify new technologies that may enhance our business processes. A complete upgrade of our laptops and workstations from Windows 7 to Windows 10 will be completed by the end of the calendar year. Finally, our IT specialists continue to meet the challenge of providing various IT support services for more than 70 OIG offices throughout the country.

## Allegation Management and Fugitive Enforcement

OIG's Allegation Management and Fugitive Enforcement Division (AMFED) manages the Social Security Fraud Hotline, which during this reporting period, received 50,701 allegations via telephone, mail, fax, and the internet. Hotline referrals to SSA offices resulted in the identification of \$1,352,332 in Social Security overpayments. The following is a notable investigation from the past six months that resulted from a Hotline referral:

- The Fraud Hotline received an allegation via the internet alleging that a Los Angeles, California man concealed his employment by working under an assumed identity from 1997 through 2014. OIG determined the man improperly received \$272,719 in which he was not entitled to when he retired. The man was indicted and pled guilty to Theft of Government Property and Social Security Fraud by Concealment. The man was sentenced to 1 year and 1 day in custody with the Bureau of Prisons, 2 years of supervised release, and fined \$4,400. The man was also ordered to repay \$272,719 to SSA.

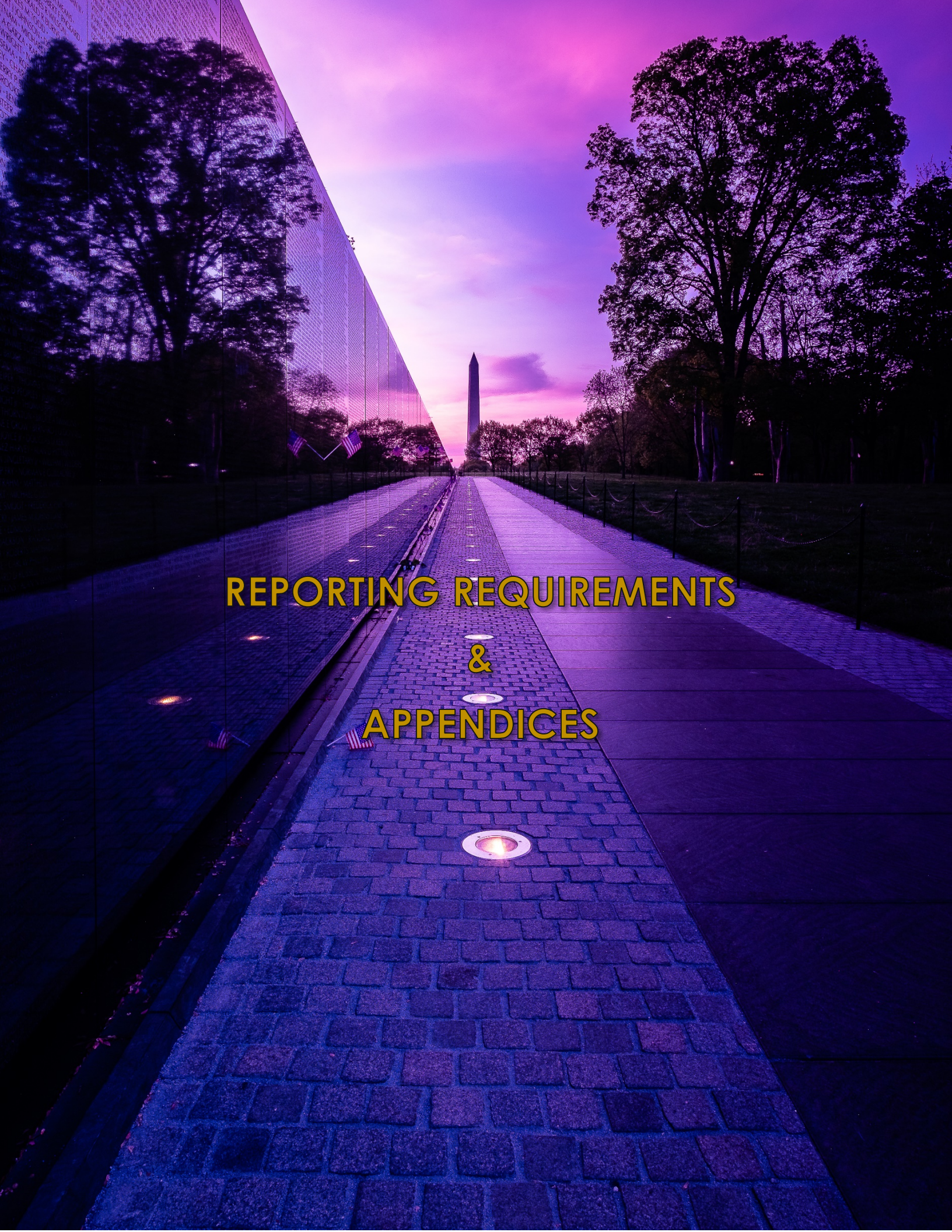
AMFED also manages the OIG's Fugitive Felon Enforcement Program, which identified 68,363 beneficiaries or recipients during this reporting period who had outstanding felony arrest warrants or outstanding warrants for parole and probation violations. We share location information for wanted felons or parole/probation violators with local law enforcement agencies to help with apprehending these individuals. The following are two examples of our efforts:

- OIG agents and members of the United States Marshals Capital Area Regional Fugitive Taskforce arrested an SSI recipient. The SSI recipient was wanted on a warrant for Probation Violation with an original charge of 1<sup>st</sup> Degree Murder, dated January 29, 2018. The arrest warrant was issued by the Richmond City Police Department located in Richmond, Virginia.
- OIG agents and members of the United States Marshals Service, Capital Area Regional Fugitive Taskforce arrested an SSI recipient. The SSI recipient was wanted on a warrant for Violation of Virginia Criminal Code (VCC) 18.2-32 – attempted Murder and VCC 18.2-53-1 – Use of a Firearm in Commission of a Felony dated September 18, 2018. The arrest warrant was issued by the Richmond City Police Department, Richmond, Virginia.

## Outreach

Some of our notable outreach efforts during this reporting period included:

- At the invitation of the Director of the Center for Organizational Performance and Integrity, the Chief Counsel to the IG, who also serves as SSA's Whistleblower Protection Coordinator, made a presentation at George Mason University's Schar School of Policy and Government. The program was provided to a class of about 35 Chinese officials from the Sichuan Province who have responsibilities in the areas of whistleblower protection, fraud prevention, and ethics training within their respective Bureaus. Within the context of SSA OIG's mission, the presentation focused on Government strategies to encourage and protect whistleblowers and other challenges to building and sustaining an ethical organizational culture. The wide distribution of related prevention, detection, enforcement, and training responsibilities among stakeholders in the U.S. framework was also explored.
- In June, the Assistant IG for Audit participated in a National Public Radio interview and discussed the OIG's reviews of the completeness of SSA's Death Master File.
- To support World Elder Abuse Awareness Day (recognized annually on June 15), the OIG participated in an SSA Facebook Live broadcast in June to discuss the detection and prevention of elder abuse. The Deputy Assistant Inspector General for Investigations discussed how the OIG detects and prevents cases of suspected elder abuse and financial exploitation. She also explained how people can identify and report suspected elder abuse, as well as how people can protect themselves or seniors they know from mistreatment.
- In August, the Acting IG discussed the importance of Social Security disability program integrity at the National Association of Disability Examiners annual conference in Arlington, Virginia. During her speech, the Acting IG recognized disability examiners from across the country for screening initial disability applications, conducting eligibility reviews, and referring fraud allegations to the OIG.
- An OIG audit director participated in a Social Security Advisory Board (SSAB) forum on SSA's representative payee program. The SSAB forum brought together policymakers, practitioners, and researchers to discuss how SSA can study and improve the representative payee selection process with an evidence-based approach.
- Finally, in September, at a Social Security Subcommittee hearing, the Acting IG told Congress that SSA must modernize and secure its IT infrastructure, in what was the final hearing for U.S. Representative Sam Johnson as Subcommittee Chairman. At the hearing, the Acting IG discussed SSA's efforts to follow its 5-year IT modernization plan, to rollout the DCPS to DDSs across the country, and to improve information security.



**REPORTING REQUIREMENTS  
&  
APPENDICES**

## REPORTING REQUIREMENTS

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

Section	Requirement	Page(s)
Section 4(a)(2)	Review of legislation and regulations	Appendix I
Section 5(a)(1)	Significant problems, abuses, and deficiencies	p. 12, p. 16
Section 5(a)(2)	Recommendations concerning significant problems, abuses, and deficiencies	p. 12
Section 5(a)(3)	Recommendations described in previous Semiannual Reports on which corrective actions are incomplete	Appendix D & E
Section 5(a)(4)	Matters referred to prospective authorities and the prosecutions and convictions that have resulted	p. 16
Section 5(a)(5) & Section 6(b)(2)	Summary of instances where information was refused	N/A
Section 5(a)(6)	List of audits	Appendix B
Section 5(a)(7)	Summary of significant reports	p. 12
Section 5(a)(8)	Table showing the total number of audit reports and total dollar value of questioned costs	Appendix A & B
Section 5(a)(9)	Table showing the total number of audit reports and total dollar value of funds put to better use	Appendix A & B
Section 5(a)(10)	Audit recommendations more than 6 months old for which no management decision has been made	Appendix A & B
Section 5(a)(11)	Significant management decisions that were revised during the reporting period	N/A

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

## APPENDIX A: RESOLVING AUDIT RECOMMENDATIONS

The following chart summarizes the Social Security Administration’s (SSA) responses to our recommendations for the recovery or redirection of questioned and unsupported costs. Questioned costs are those costs that are challenged because of a violation of law, regulation, etc. Unsupported costs are those costs that are questioned because they are not justified by adequate documentation. This information is provided in accordance with Public Law 96-304 (*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, 2018 – September 30, 2018			
	Number	Dollar Value Questioned (Supported)	Dollar Value Unsupported
A. For which no management decision had been made by the commencement of the reporting period.	26	\$1,780,864,189	\$0
B. Which were issued during the reporting period.	25 <sup>1</sup>	\$1,864,345,525	\$1,135,541
Subtotal (A + B)	51	\$3,645,209,714	\$1,135,541
Less:			
C. For which a management decision was made during the reporting period.			
i. Dollar value of disallowed costs.	11 <sup>2</sup>	\$604,551,343	\$87,165
ii. Dollar value of costs not disallowed.	5 <sup>2</sup>	\$63,967,071	\$161,539
Subtotal (i + ii)	16	\$668,518,414	\$248,704
D. For which no management decision had been made by the end of the reporting period.	42 <sup>2</sup>	\$2,976,691,300	\$886,837

<sup>1</sup>See Reports with Questioned Costs in Appendix B of this report.

<sup>2</sup>Some reports have multiple monetary recommendations and are accounted for as follows: One report has one recommendation split between sections Ci and Cii. One report has one recommendation recorded in section Cii and the other two are recorded in section D. One report has one recommendation split between sections Ci and Cii and the other is recorded in section D. Two reports have one recommendation recorded in section Ci and the other is recorded in section D. One report has one recommendation split between sections Ci and Cii and the other one is recorded in section Cii.



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

<b>Reports with Funds Put to Better Use for the Reporting Period April 1, 2018 – September 30, 2018</b>		
	<b>Number</b>	<b>Dollar Value</b>
A. For which no management decision had been made by the commencement of the reporting period.	17	\$9,906,604,591
B. Which were issued during the reporting period.	14 <sup>1</sup>	\$839,087,306
Subtotal (A + B)	31	\$10,745,691,897
Less:		
C. For which a management decision was made during the reporting period.		
i. Dollar value of recommendations that were agreed to by management.		
(a) Based on proposed management action.	9 <sup>2</sup>	\$83,354,223
(b) Based on proposed legislative action.	0	\$0
ii. Dollar value of costs not agreed to by management.	3 <sup>2</sup>	\$3,853,990
Subtotal (i + ii)	12	\$87,208,213
D. For which no management decision had been made by the end of the reporting period.	23 <sup>2</sup>	\$10,658,483,684

<sup>1</sup>See Reports with Funds Put to Better Use in Appendix B of this report.

<sup>2</sup>Some reports have multiple monetary recommendations and are accounted for as follows: One report has one recommendation split between sections Ci and Cii. One report has one recommendation recorded in section Cii and the other is recorded in section D. One report has one recommendation recorded in section Ci and the other is recorded in section D. One report has one recommendation recorded in section Ci and the other two are recorded in section D.

## APPENDIX B: REPORTS ISSUED

<b>Reports with Non-Monetary Findings October 1, 2017 – September 30, 2018</b>		
<b>Audit Number</b>	<b>Report</b>	<b>Issue Date</b>
A-14-18-50258	The Social Security Administration's Compliance with the Federal Information Security Modernization Act of 2014 for Fiscal Year 2017 (Limited Distribution)	10/27/2017
A-15-17-50250	The Social Security Administration's Compliance with the Digital Accountability and Transparency Act of 2014 as of May 2017	11/6/2017
A-02-18-50298	Fiscal Year 2017 Inspector General's Statement on the Social Security Administration's Major Management and Performance Challenges	11/9/2017
A-15-18-50273	The Social Security Administration's Financial Report for Fiscal Year 2017	11/9/2017
A-15-18-50280	The Social Security Administration's Reporting of High-dollar Overpayments Under Executive Order 13520 in Fiscal Year 2017	12/21/2017
A-13-18-50457	Fiscal Year 2017 Risk Assessment of the Social Security Administration's Charge Card Programs	1/19/2018
A-14-17-50096	Claims-taking Systems Access Profiles	2/5/2018
A-14-18-50506	Contractor's Market Research and Analysis for the Disability Case Processing System (Congressional Response Report)	2/5/2018
A-04-18-50260	Customer Wait Times in the Social Security Administration's Field Offices	2/6/2018
A-05-17-50284	Information Technology and Related Staff Costs Claimed by the Minnesota Disability Determination Services	2/14/2018
A-03-16-50102	Removal of Self-employment Income and the Impact on Social Security Benefits	2/22/2018
A-09-18-50626	Interaction Between the Social Security Administration's Representative Payment and State Guardianship Programs (Congressional Response Report)	3/15/2018
A-03-16-50056	Using Nursing Home Data to Determine Suitability of Representative Payees	3/21/2018

A-14-17-50291	Progress in Developing the Disability Case Processing System as of February 2018 (Congressional Response Report)	3/21/2018
A-77-18-00001	Single Audit of the State of New York for the Fiscal Year Ended March 31, 2017	3/27/2018
A-77-18-00002	Single Audit of the State of Ohio for the Fiscal Year Ended June 30, 2017	4/2/2018
A-77-18-00003	Single Audit of the State of Texas for the Fiscal Year Ended August 31, 2017	4/5/2018
A-77-18-00004	Single Audit of the State of Colorado for the Fiscal Year Ended June 30, 2017	4/9/2018
A-77-18-00005	Single Audit of the State of Nebraska for the Fiscal Year Ended June 30, 2017	4/11/2018
A-15-18-50262	Performance Review of the Social Security Administration's Guard Services Contract	4/18/2018
A-05-17-50254	Increases in Program Service Center Workloads	4/24/2018
A-15-18-50566	The Social Security Administration's Compliance with the Improper Payments Elimination and Recovery Improvement Act of 2012 in the Fiscal Year 2017 Agency Financial Report	5/1/2018
A-12-18-50285	Workload Review of the Office of Hearings Operations' Atlanta and New York Regions	5/2/2018
A-06-17-50190	Master Beneficiary Record Death Information that Did Not Appear on the Numident	5/3/2018
A-77-18-00007	Single Audit of the State of Washington for the Fiscal Year Ended June 30, 2017	5/17/2018
A-77-18-00008	Single Audit of the State of Delaware for the Fiscal Year Ended June 30, 2017	5/17/2018
A-77-18-00009	Single Audit of the State of New Hampshire for the Fiscal Year Ended June 30, 2017	5/22/2018
A-77-18-00010	Single Audit of the State of Mississippi for the Fiscal Year Ended June 30, 2017	5/24/2018
A-12-14-14086	Claimant Representatives Who Were Sanctioned by the Social Security Administration	6/6/2018
A-01-15-15035	The Social Security Administration's Efforts to Develop its Own Source of Occupational Information for Use in its Disability Programs	6/19/2018

A-77-18-00011	Single Audit of the State of Illinois for the Fiscal Year Ended June 30, 2017	7/10/2018
A-77-18-00012	Single Audit of the State of Michigan for the Fiscal Year Ended September 30, 2017	7/16/2018
A-08-17-50241	Implementation of the Internet Social Security Number Replacement Card Project (Limited Distribution)	7/18/2018
A-05-18-50671	Milwaukee Social Security Administration Field Office Closure (Congressional Response Report)	7/23/2018
A-14-18-50631	Use of the Disability Case Processing System as of May 2018 (Congressional Response Report)	7/30/2018
A-05-17-50256	Controls over the Deletion of Prisoner Records	9/5/2018
A-14-17-50097	The Social Security Administration's Comprehensive Integrity Review Process (Limited Distribution)	9/10/2018
A-01-18-50660	The Social Security Administration's Application of the Childcare Dropout Year Provision (Congressional Response Report)	9/17/2018
A-03-18-50537	Employers Reporting Wages with Nonwork Social Security Numbers	9/25/2018
A-03-18-50720	Field Office Closures in the Philadelphia Region (Congressional Response Report)	9/27/2018

<b>Reports with Questioned Costs October 1, 2017 – September 30, 2018</b>			
<b>Audit Number</b>	<b>Issue Date</b>	<b>Report</b>	<b>Dollar Amount</b>
A-02-17-14048	10/20/2017	The Cost-effectiveness of Vocational Rehabilitation Services	\$94,883,352
A-01-17-50248	12/22/2017	Match of Connecticut Death Information Against Social Security Records	\$1,946,060
A-13-17-34105	12/29/2017	Old-Age, Survivors and Disability Insurance Benefits to Individuals Removed from the United States	\$3,464,470
A-07-17-50264	1/5/2018	Pending Supplemental Security Income Alerts Related to Over-reported Earnings	\$50,191,703
A-09-18-50559	2/14/2018	Higher Benefits for Dually Entitled Widow(er)s Had They Delayed Applying for Retirement Benefits	\$131,817,936
A-13-17-50266	2/21/2018	Council of the Inspectors General on Integrity and Efficiency Purchase Card Project	\$22,804
A-09-17-50259	3/26/2018	Deceased Beneficiaries Who Had Different Dates of Death on the Social Security Administration's Numident and Payment Records	\$1,443,318
A-15-17-50279	4/2/2018	Undeliverable Social Security Number Cards (Limited Distribution)	\$4,129,023
A-07-18-50294	4/9/2018	Manual Adjustments to Old-Age, Survivors and Disability Insurance Overpayments	\$72,900,860
A-07-17-50131	5/15/2018	Incorrect Payments to Disabled Beneficiaries Who Return to Work	\$571,421,040
A-77-18-00006	5/17/2018	Single Audit of the State of Tennessee for the Fiscal Year Ended June 30, 2017	\$248,704
A-06-17-50172	5/23/2018	Match of Washington Death Information Against Social Security Administration Records	\$1,138,992

A-06-17-50232	5/24/2018	Follow-up: Payments to Individuals Whose Numident Record Contained a Death Entry	\$19,825,018
A-04-18-50265	5/25/2018	Old-Age, Survivors and Disability Insurance Debtors Who Were Not Current on an Installment Agreement	\$88,295,888
A-02-16-50066	5/29/2018	Controls over Supplemental Security Income Applicants/Recipients' Transferring Ownership of Resources	\$4,481,959
A-08-16-50063	6/6/2018	Social Security Benefits Paid to Non-citizens Granted Deferred Action for Childhood Arrivals Status	\$261,191
A-06-17-50270	6/19/2018	Payments to Individuals Incarcerated in New York State Department of Corrections and Community Supervision Facilities	\$780,518
A-07-18-50278	7/16/2018	Overpayments Not Collected Through Benefit Withholding	\$114,136,200
A-07-17-50182	7/23/2018	Underpayments Paid on Supplemental Security Income Records with Outstanding Overpayments	\$43,661,580
A-08-18-50582	7/27/2018	Accuracy of Month of Entitlement Determinations for Supplemental Security Income Recipients Awarded Old-Age, Survivors and Disability Insurance Benefits	\$135,712,356
A-04-16-50145	8/1/2018	The Social Security Administration's Use of Administrative Tolerance Waivers	\$12,568,202
A-09-17-50252	8/1/2018	Follow-up: Dually Entitled Beneficiaries Who Are Subject to the Windfall Elimination Provision and Government Pension Offset	\$281,548,360
A-02-17-50140	8/20/2018	Institutionalized Beneficiaries Who Have Earnings	\$886,837
A-01-17-50219	8/24/2018	Supplemental Security Income Recipients Who Have Not Had a	\$351,743,880

		Redetermination in Longer than 10 Years	
A-06-18-50568	8/27/2018	Match of Treasury Death Information Against Social Security Administration Records	\$2,342,499
A-07-18-50391	8/29/2018	Processing Times for Continuing Disability Review Pre-hearing Case Reviews at the Reconsideration Level of Appeal	\$1,012,618
A-07-18-50295	8/30/2018	Accuracy of Supplemental Security Income Payments to Recipients with Manually Deemed Income	\$104,529,920
A-02-18-50543	9/13/2018	Interim Benefits Paid After a Disability Claim is Denied	\$2,142,834
A-04-17-50238	9/19/2018	The Cost of Administering Claimant Representative Fees	\$942,049
A-08-17-50261	9/19/2018	Effectiveness of the Social Security Administration's Medicare Non-utilization Project	\$16,484,477
A-02-14-34090	9/25/2018	Accuracy of the Determination of Workers' Compensation Offset During Disability Insurance Claims Processing	\$33,895,120
A-04-17-50251	9/26/2018	Disability Insurance Claims with Ohio Workers' Compensation Benefits	\$390,941
<b>Total</b>			<b>\$2,149,250,709</b>

<b>Reports with Funds Put to Better Use October 1, 2017 – September 30, 2018</b>			
<b>Audit Number</b>	<b>Issue Date</b>	<b>Report</b>	<b>Dollar Amount</b>
A-01-17-50248	12/22/2017	Match of Connecticut Death Information Against Social Security Records	\$173,690
A-09-18-50559	2/14/2018	Higher Benefits for Dually Entitled Widow(er)s Had They Delayed Applying for Retirement Benefits	\$9,847,464
A-07-18-50294	4/9/2018	Manual Adjustments to Old-Age, Survivors and Disability Insurance Overpayments	\$276,631,460
A-06-17-50172	5/23/2018	Match of Washington Death Information Against Social Security Administration Records	\$260,880
A-06-17-50232	5/24/2018	Follow-up: Payments to Individuals Whose Numident Record Contained a Death Entry	\$6,314,200
A-09-17-50202	6/1/2018	Beneficiaries in Suspended Payment Status Pending the Selection of a Representative Payee	\$16,297,943
A-06-17-50270	6/19/2018	Payments to Individuals Incarcerated in New York State Department of Corrections and Community Supervision Facilities	\$211,752
A-09-17-50246	6/22/2018	Payments to Aged Representative Payees	\$6,800,621
A-13-18-50292	7/27/2018	Envoy, a Representative Payee for the Social Security Administration	\$5,314
A-08-18-50582	7/27/2018	Accuracy of Month of Entitlement Determinations for Supplemental Security Income Recipients Awarded Old-Age, Survivors and Disability Insurance Benefits	\$463,395,260
A-09-17-50252	8/1/2018	Follow-up: Dually Entitled Beneficiaries Who Are Subject to the	\$46,380,172



		Windfall Elimination Provision and Government Pension Offset	
A-02-17-50140	8/20/2018	Institutionalized Beneficiaries Who Have Earnings	\$107,742
A-06-18-50568	8/27/2018	Match of Treasury Death Information Against Social Security Administration Records	\$1,071,499
A-07-18-50391	8/29/2018	Processing Times for Continuing Disability Review Pre-hearing Case Reviews at the Reconsideration Level of Appeal	\$6,780,418
A-13-18-50154	8/31/2018	Representative Payee Criminal Bar Policy	\$13,730,931
A-08-17-50261	9/19/2018	Effectiveness of the Social Security Administration's Medicare Non-utilization Project	\$1,099,114
<b>Total</b>			<b>\$849,108,460</b>

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

### EFFECTIVENESS OF THE SOCIAL SECURITY ADMINISTRATION'S MEDICARE NON-UTILIZATION PROJECT (A-08-17-50261, 9/19/2018)

**Results of Review:** During its 2013 Medicare Non-utilization Project (MNUP), SSA incorrectly concluded via a telephone interview that 5 (11 percent) of our 46 sample beneficiaries were alive when, in fact, these beneficiaries were deceased at the time of its interviews. On average, the beneficiaries had died 12 years before SSA's 2013 MNUP, but Agency personnel concluded they were alive. As such, we estimated SSA overpaid 73 deceased beneficiaries about \$16.5 million, which included over \$5 million SSA paid after it incorrectly concluded these beneficiaries were alive. We also estimated that SSA would pay over \$1 million in additional overpayments to deceased MNUP beneficiaries over the next 12 months if it does not suspend or terminate their benefits.

Based on the number of MNUP beneficiaries we determined were deceased, we believe SSA has opportunities to strengthen its MNUP and reduce overpayments. For example, we believe SSA should revise its MNUP guidance to include additional online searches that will aid technicians in identifying potential deceased beneficiaries. In addition, SSA should conduct face-to-face interviews of all MNUP beneficiaries to establish a baseline of individuals who are alive. Furthermore, SSA should conduct periodic follow-up interviews to reduce the risk of improper payments to deceased beneficiaries.

**Recommendation:** Conduct face-to-face interviews of all MNUP beneficiaries to establish a baseline of individuals who are alive.

**Agency Response:** SSA disagrees for the reasons noted in its general comments. However, SSA will strengthen its procedures to more effectively achieve the goals of its MNUP. Please see Appendix C in the final report for SSA's general comments - <https://oig.ssa.gov/sites/default/files/audit/full/pdf/A-08-17-50261.pdf>.

**OIG Response:** We continue to believe face-to-face interviews are necessary to effectively identify deceased beneficiaries. As explained in our report, we determined SSA incorrectly concluded via a telephone interview that 11 percent of our sample beneficiaries were alive when, in fact, they had died 12 years, on average, before SSA's 2013 MNUP. Had SSA attempted to interview these beneficiaries in person, we estimate it would have prevented about \$16.5 million in overpayments.

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

### SUPPLEMENTAL SECURITY INCOME PAYMENTS TO CONFINED JUVENILES (A-08-17-50237, 9/12/17)

**Results of Review:** SSA issued about \$1.7 million in improper Supplemental Security Income (SSI) payments on behalf of 547 juveniles confined in correctional facilities in 4 States. While SSA had established overpayments for 274 of these juveniles, we identified 273 instances where SSA was unaware of all or part of the confinement period. We determined that 158 of these juveniles were confined for 6 months or longer without SSA's knowledge. Further, 229 juveniles were in current payment status when each State provided its data. Our findings are conservative because we did not receive data on all confined juveniles in all four States.

Although SSA has numerous memorandums of understanding (MOU) with correctional facilities to obtain information on incarcerated adults, it did not routinely obtain such information on all confined juveniles. Without MOUs, SSA must rely on other sources, such as self-reporting by juveniles' representative payees (for example, parent, legal guardian, relative, social agency, or institution). Unless such individuals notify SSA, it may continue making monthly SSI payments while the juvenile is confined, thus creating overpayments.

According to SSA, some States may refuse to provide information on confined juveniles in their custody because of privacy laws. SSA also told us that States could decide not to share their juvenile data for reasons other than privacy laws since sharing data with SSA is voluntary. However, SSA told us it did not collect and maintain data on State facilities it had contacted that refused to provide juvenile data. As such, it is unclear to what extent privacy laws or other reasons have prevented SSA from entering into agreements with State correctional departments to obtain information on confined juveniles.

**Recommendation:** SSA contact State juvenile correctional departments to discuss the feasibility of obtaining information on confined juveniles to ensure SSA does not improperly pay SSI recipients. In doing so, SSA should determine the most cost-beneficial ways to obtain such information.

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

**Valued at:** \$1,669,682 in questioned costs.

**Corrective Action:** SSA agrees. Its Regions are continuing their efforts in contacting State juvenile departments to secure reporting agreements. SSA will provide an update on the Regions actions in December 2018.

### FOLLOW-UP: TERMINATION OF DISABILITY BENEFITS FOLLOWING A CONTINUING DISABILITY REVIEW CESSATION (A-07-17-50213, 8/21/17)

**Results of Review:** Since our prior review, SSA had taken actions to improve its processes for terminating benefits following disability cessation determinations. However, based on our review of medical cessation determinations made during Calendar Years (CY) 2014 and 2015, SSA continued making improper payments. We found:

- 28 (11 percent) of 250 sampled Disability Insurance (DI) beneficiaries and their auxiliaries improperly received \$276,041 after their medical cessation determinations. Based on our sample results, we estimate 3,148 beneficiaries and their auxiliaries received over \$31 million in improper benefits.

- 17 (7 percent) of 250 sampled SSI recipients improperly received \$51,117 after their medical cessation determinations. Based on our sample results, we estimate 5,284 recipients received almost \$16 million in improper payments.

The improper payments occurred because the systems enhancements SSA implemented after our prior audit did not address all types of disability cases. While SSA had terminated benefits for most of the individuals in our samples, at the time of our review, it had not terminated benefits to 12 of the 28 DI beneficiaries. In addition, SSA had not assessed overpayments to three DI beneficiaries.

**Recommendation:** Terminate benefit payments and assess overpayments to the 12 DI beneficiaries and their auxiliaries we identified who are still receiving improper payments.

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

**Valued at:** \$244,934 in questioned costs.

**Corrective Action:** SSA has taken action on the 12 cases and is evaluating the results. SSA anticipates providing its results by end of November 2018.

**Recommendation:** SSA agrees. It has completed two cases and anticipates completion of the remaining case by the end of November 2018.

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

**Valued at:** \$38,999 in questioned costs.

**Corrective Action:** SSA agrees. It has completed two cases and anticipates the remaining case to be completed by the end of November 2018.

#### **WIDOW(ER)S ELIGIBLE FOR AN EARLIER INITIAL MONTH OF ENTITLEMENT (A-09-17-50187, 8/7/17)**

**Results of Review:** SSA needs to improve controls to ensure it establishes the correct initial month of entitlement for widow(er) beneficiaries. Based on our random sample, we estimate SSA underpaid \$285 million to 110,116 widow(er)s who were eligible for an earlier initial month of entitlement.

This occurred because SSA employees improperly established an initial month of entitlement for widow(er)s who met the requirements for entitlement before their application filing date or did not document why the widow(er)s refused an earlier initial month of entitlement, as required. Finally, SSA did not have system controls to alert employees when widow(er)s were eligible for an earlier initial month of entitlement.

**Recommendation:** Determine the feasibility of reviewing the remaining population of widow(er)s who may be eligible for additional months of benefits before their application filing date and could have chosen an earlier initial month of entitlement.

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

**Valued at:** \$285,191,557 in questioned costs.

**Corrective Action:** In its review of sample cases, SSA found some records lacked documentation to explain why the claimant did not elect full retroactivity. In addition, in some of the sample cases SSA found the

claimants were precluded from electing an earlier Month of Entitlement. SSA believes its staff discussed all eligibility options and determined the lack of documentation is not evidence the claim was processed incorrectly or that the determinations are incorrect. Therefore, based on its administrative finality policy, SSA is precluded from reopening these initial claims.

### **BENEFICIARIES WHO WORKED AFTER THEIR DISABILITY ONSET DATES AND BEFORE FAVORABLE HEARING DECISIONS (A-02-16-20132, 7/18/17)**

**Results of Review:** SSA did not always address SGA-level earnings OASDI claimants earned after their disability onset dates and before favorable hearing decisions. In some cases, administrative law judges (ALJ) discussed the earnings during the hearings but did not include the results of those discussions in their written decisions. In other cases, the ALJs did not address the earnings during the hearings or in their written decisions, but another SSA component did so after the hearings. In other cases, neither ALJs nor other SSA components addressed SGA-level earnings after applicants' reported disability onset dates.

This latter group of cases led to over \$684,000 in improper payments because SSA awarded benefits before the dates the applicants should have been determined disabled. Projecting our results to the population, SSA did not appropriately address SGA-level earnings nearly 4,000 OASDI applicants earned after their disability onset dates and before favorable hearing decisions, which resulted in improper payments of over \$109 million.

In a previous audit, we found SSA improperly paid SSI recipients because it did not always address earnings on the recipients' records after their disability onset dates and before favorable hearing decisions. Based on the results of this review, we believe the Agency encountered similar issues with OASDI disability claimants. SSA missed the opportunity to use information at its disposal to prevent improper payments.

**Recommendation:** Based on the results of review of the 26 cases, determine whether additional cases in the remaining population of 35,595 beneficiaries who also had above SGA-level earnings after disability onset and before a favorable hearing decision should be reviewed to ensure the Agency appropriately addressed the earnings.

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

**Valued at:** \$108,941,870 in questioned costs.

**Corrective Action:** SSA agrees. The Agency is continuing its evaluation on how to establish a review team to address the 35,595 cases.

### **CROSS-REFERRED SOCIAL SECURITY NUMBERS (A-06-13-23091, 7/17/17)**

**Results of Review:** SSA issued improper payments to individuals under multiple cross-referred Social Security numbers (SSN) and did not develop a method to ensure death information input on numberholders' (NH) Numident records was also input on cross-referred Numident records. Based on our sample results, we estimate that SSA issued approximately \$171 million in improper payments to about 2,000 beneficiaries who had multiple cross-referred SSNs. If the Agency does not correct these errors, we estimate it will improperly issue about \$21.2 million over the next 12 months.

SSA also recorded death information on approximately 2.7 million non-beneficiary NHs' Numident records but did not input death information on their cross-referred SSNs. As a result, we estimate SSA erroneously excluded more than 2 million deceased NHs' SSNs from the Death Master File.

**Recommendation:** Review all cases where NHs simultaneously receive benefit payments under cross-referred SSNs.

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

**Valued at:** \$55,219,440 in questioned costs and \$7,507,700 in funds put to better use.

**Corrective Action:** SSA is working to refine the population, and draft instructions for the field offices to use, as the cases are complex because a single record may contain three SSNs that cross multiple Regions. SSA anticipates releasing the cases with the instructions by November 2018.

**Recommendation:** SSA believes its actions for recommendation 1 will address these cases. SSA will provide an update in November 2018.

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

**Valued at:** \$115,402,130 in questioned costs and \$13,671,650 in funds put to better use.

**Corrective Action:** SSA believes these cases will be addressed through its actions under recommendation 1, above. SSA will provide an update in November 2018.

#### **MANUALLY REDUCED CROSS-PROGRAM RECOVERY OVERPAYMENTS (A-06-17-50225, 7/5/17)**

**Results of Review:** Use of Manual Adjustment, Credit, and Award Data Entry (MACADE) to adjust cross-program recovery overpayments erroneously reduced SSI overpayments that SSA was collecting from concurrent beneficiaries' OASDI benefits. Although SSA generally prohibits personnel from using MACADE to process these types of transactions, SSA did not implement system controls to prevent employees from inputting the transactions. Further, SSA issued contradictory guidance to employees that did not make it clear whether it was appropriate to use MACADE to process the inputs.

Based on our sample results, we estimate that, from January 2005 through March 2015, SSA erroneously reduced approximately \$58.1 million in SSI overpayments it was collecting from concurrent beneficiaries. Absent corrective action, we estimate these processing errors will erroneously reduce SSI overpayments by an additional \$7 million over the next 12 months.

**Recommendation:** Consider the cost-effectiveness of implementing controls to prevent systems from erroneously deleting SSI overpayments.

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

**Valued at:** \$7,029,192 in funds put to better use.

**Corrective Action:** SSA is continuing internal analysis to determine the pros and cons in preventing MACADE actions that reduce overpayments on the Supplemental Security Record (SSR). SSA's major concern is that MACADE is used to trigger multiple actions in a single entry. Changing the actions allowed in MACADE can change a process from a 1-day action to a multiple-day process, which poses other control risks. SSA anticipates providing an update on its actions in January 2019.

**Recommendation:** Consider the cost-effectiveness of identifying and re-establishing SSI overpayments erroneously deleted by MACADE adjustments.

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

**Valued at:** \$58,159,028 in questioned costs.

**Corrective Action:** SSA is reviewing a sample of the cases to determine if it can exclude any based on administrative finality rules and also if any records have been corrected through normal business processes. SSA anticipates providing an update on its status in January 2019.

### **INDIVIDUALS WHO HAD FEDERAL EARNINGS AND OLD-AGE, SURVIVORS AND DISABILITY INSURANCE OVERPAYMENTS (A-04-16-50136, 6/9/17)**

**Results of Review:** While SSA generally collected OASDI overpayments from individuals who had Federal earnings, it did not recover all overpayments. Specifically, while not always timely, SSA was collecting or had waived overpayments for 6,965 (88.2 percent) of 7,901 individuals in our population. These individuals' overpayments totaled \$68.1 million.

SSA did not collect \$13.5 million in overpayments from 936 individuals (11.8 percent). Of these, we determined there were individuals whose overpayments SSA did not have adequate time to take such action as responding to a waiver request, resuming collection after denying a waiver, or establishing an installment agreement. Also, there were some individuals whose Federal, and sometimes additional, earnings were below poverty levels.

SSA needs to identify the outstanding issues that prevent it from recovering those overpayments it had not recovered during our audit period and start or resume collection where applicable. We recognize that SSA has periodic reviews that identify individuals who have outstanding overpayments and its competing workloads sometimes take precedence over its recovery efforts. Nevertheless, SSA has a responsibility to effectively manage its overpayment recovery efforts and should avoid allowing overpayments to remain uncollected for an extended period. Finally, while we defer to the Agency on whether it will pursue collection of overpayments from individuals whose earnings are below the poverty level, it should immediately respond to those individuals with waiver or explanation requests that had been pending longer than 6 months.

**Recommendation:** Pursue all available methods to recover the 740 overpayments and process the 73 outstanding waiver requests (62 individuals with earnings above and 11 below poverty level) identified in our review.

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

**Valued at:** \$12,494,862 questioned cost.

**Corrective Action:** SSA is evaluating a sample from the 740 overpayment cases to ensure accuracy. SSA completed action on all 73 outstanding waiver requests. SSA anticipates completing its analysis and providing a consolidated response in January 2019.

### **STATUTORY BENEFIT CONTINUATION DURING THE APPEALS PROCESS FOR MEDICAL CESSATIONS (A-07-17-50127, 5/11/17)**

**Results of Review:** We project SSA overpaid approximately \$682.5 million to individuals in our population who continued receiving disability benefits during the appeals process but for whom ALJs upheld the cessation determinations from October 1, 2013 through July 8, 2016. This comprised \$138.5 million overpaid to DI beneficiaries and \$544 million overpaid to SSI recipients.

We estimate, as of August 2016, SSA was in the process of collecting 28 percent of the amount overpaid to DI beneficiaries. It had collected only 4 percent, waived or terminated collection action on 17 percent, and posted another 37 percent to the beneficiaries' records but did not take action to collect, waive, or deem them uncollectible. SSA had not posted about 14 percent to the beneficiaries' records for collection. Likewise, for the amount overpaid to the SSI recipients, SSA was in the process of collecting 61 percent. It had collected 2 percent, waived or terminated collection action on 13 percent, and had posted another 17 percent to the recipients' records but did not take action to collect, waive, or deem them uncollectible. SSA had not posted 7 percent to the individuals' records for collection.

The average processing time for medical cessation appeals had increased from our prior reviews. Specifically, processing times were 766 days for sampled DI beneficiaries and 831 days for sampled SSI recipients—increases of 18 percent and 20 percent, respectively. If SSA prioritizes medical cessation appeals, it could increase DI and SSI programs' financial performance. For example, we project SSA could have avoided \$69.7 million in DI overpayments and \$266 million in SSI overpayments had it completed the appeals process for medical cessations within its processing time goals totaling 394 days.

**Recommendation:** Identify actions at both the ALJ hearing and reconsideration levels to expedite medical cessation appeals that involve benefit payments to avoid or minimize overpayments.

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

**Valued at:** \$335,725,349 in funds put to better use.

**Corrective Action:** SSA is continuing its work to modernize the Disability Determination Services (DDS) Hearing Unit video hearing policy to increase DDS disability hearing capacity. SSA has completed its review of four policy sections and anticipate finalizing the policy soon. In addition, SSA is continuing its evaluation of form changes, which will require approval by the Office of Management and Budget. For Fiscal Year (FY) 2018, SSA established an internal non-public service indicator target for the Pre-Hearing and Disability Hearing workloads to address this backlog of claims. SSA is working with the sites with high backlogs and is developing Regional specific plans to deal with the backlogs. SSA is making progress decreasing the Pre-Hearing/Disability Hearing aged pending over 240 days by 20 percent since the beginning of FY 2018.

**Recommendation:** Evaluate the results of SSA's actions for the individuals we identified and determine the feasibility of identifying the remaining individuals in our populations who should have additional overpayments posted.

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

**Valued at:** \$60,252,538 in questioned costs.

**Corrective Action:** SSA is continuing its work to modernize the Disability Determination Services (DDS) Hearing Unit video hearing policy to increase DDS disability hearing capacity. SSA has completed its review of four policy sections and anticipates finalizing the policy soon. In addition, SSA is continuing its evaluation of form



changes, which will require approval by the Office of Management and Budget. For Fiscal Year (FY) 2018, SSA established an internal non-public service indicator target for the Pre-Hearing and Disability Hearing workloads to address this backlog of claims. SSA is working with the sites with high backlogs and is developing Region-specific plans to deal with the backlogs. SSA is making progress decreasing the Pre-Hearing/Disability Hearing cases pending over 240 days by 20 percent since the beginning of FY 2018.

#### **OVERPAYMENTS COLLECTED THROUGH LONG-TERM REPAYMENT PLANS (A-07-16-50082, 5/3/17)**

**Results of Review:** SSA uses a variety of methods to recover overpayments, including repayment agreements that provide for monthly installment payments to SSA. The SSA employee processing the overpayment negotiates the agreement. SSA policy directs employees to establish a rate that would permit recovery of the entire overpayment within 36 months. If this is not possible, the SSA employee may approve a longer repayment period after it evaluates an individual's income, expenses, and assets.

Based on repayment agreements at the time of our review, we determined that 7,222 (11 percent) of the 64,978 individuals in our population will not repay their entire overpayment balance before they reach life expectancy. This situation exists because SSA entered into long-term repayment agreements with these individuals that resulted in an average repayment period of 55 years. We estimate to all 20 segments of the Recovery of Overpayments, Accounting and Reporting System and SSR that over \$971 million (44 percent) of the more than \$2.2 billion outstanding overpayment balance may never be collected.

From the 7,222 individuals, we identified all individuals who would not repay their entire overpayment before reaching their life expectancy. Additionally, we conducted analysis to identify the potential impact on overpayment recovery if SSA established a minimum repayment amount based solely on the individual's income. We could not consider the individual's assets and household expenses, as required under current overpayment recovery policy. Negotiating repayment plans based on the individual's income, the outstanding overpayment balance at life expectancy could be reduced by over \$623 million (64 percent)—from \$971 million to approximately \$348 million.

**Recommendation:** Evaluate SSA's existing program debt repayment policy to reduce long-term repayment arrangements.

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

**Valued at:** \$971,212,348 in questioned costs.

**Corrective Action:** SSA agrees. The proposal was included in the President's FY 2019 Budget. SSA will continue to submit this legislative proposal until Congress decides to act on it. In addition, SSA is continuing to examine its existing policies regarding overpayments collected through long-term repayment plans to determine where there may be opportunities to reduce long-term repayment agreements.

#### **BENEFICIARIES WHOSE PAYMENTS HAVE BEEN SUSPENDED FOR NO CHILD IN CARE AND WHO ARE SERVING AS REPRESENTATIVE PAYEES FOR CHILDREN (A-09-17-50200, 2/24/17)**

**Results of Review:** SSA needs to improve its controls to ensure it does not improperly suspend mother/father and spousal beneficiaries who have a child in care. Based on our random sample, we estimate SSA improperly suspended 3,534 mother/father and spousal beneficiaries for no child in care. Of these, we estimate SSA underpaid 1,796 mother/father and spousal beneficiaries about \$40.2 million.

This occurred because SSA employees did not properly record the child-in-care data on the Master Beneficiary Record (MBR) to support payment to mother/father and spousal beneficiaries. Also, although SSA's automated

system generated exceptions when there were no child-in-care data for the mother/father or spousal beneficiary, we found it did not generate exceptions when incorrect in-care data were on the MBR.

**Recommendation:** Evaluate the results of its actions for the mother/father and spousal beneficiaries in our sample and determine whether it should review the remaining population of 5,693 beneficiaries.

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

**Valued at:** \$39,492,597 in questioned costs.

**Corrective Action:** SSA agrees. It anticipates determining whether the remaining population will require review by January 2019.

#### **INDIVIDUAL REPRESENTATIVE PAYEES WHO DO NOT HAVE A SOCIAL SECURITY NUMBER IN THE SOCIAL SECURITY ADMINISTRATION'S PAYMENT RECORDS (A-09-16-50159, 2/17/17)**

**Results of Review:** SSA needs to improve controls to ensure it (a) records individual representative payees' SSNs in its payment records and (b) retains the application for representative payees who do not have an SSN. Based on our random sample, we estimate that 150,257 beneficiaries had an individual representative payee who had a valid SSN that SSA should have recorded on the MBR/SSR. Of these, 26,912 beneficiaries had representative payees whom, according to the Electronic Representative Payee System (eRPS), SSA had terminated or not selected. From October 2004 to September 2016, SSA paid these representative payees about \$853.1 million. Furthermore, unless it takes corrective action, we estimate SSA will pay these representative payees about \$189.6 million in benefits annually.

In addition, we estimate that 22,426 beneficiaries had an individual representative payee who did not have an SSN, and SSA had not followed its policy to retain the paper application. These representative payees were not in eRPS. From April 2006 to September 2016, SSA paid these representative payees about \$1 billion. Furthermore, unless it takes corrective action, we estimate SSA will pay these representative payees about \$182.5 million in benefits annually.

**Recommendation:** Evaluate the results of its actions for the 77 beneficiaries and determine whether it should review the remaining population of 224,164 beneficiaries we identified.

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

**Valued at:** \$371,962,319 in funds put to better use.

**Corrective Action:** SSA is reviewing recent eRPS enhancements and the results of the case review from Recommendation 1 to further refine the full population of records. By the end of CY 2018, SSA will determine if additional records require review.

#### **ACTIVE REPRESENTATIVE PAYEES WHO ARE NOT IN THE SOCIAL SECURITY ADMINISTRATION'S ELECTRONIC REPRESENTATIVE PAYEE SYSTEM (A-09-14-34120, 2/15/17)**

**Results of Review:** SSA needs to improve its controls to ensure it does not make payments to representative payees who are not in eRPS. In addition, we found that SSA did not always retain representative payee applications. Although a control exists in eRPS to ensure new representative payees selected after the system's implementation in April 2016 are recorded in both eRPS and the MBR/SSR, we estimate that 20,116 beneficiaries had representative payees recorded on the MBR/SSR as of January 2014 that SSA had not properly established in eRPS. Of these, we estimate that 5,084 beneficiaries had a representative payee for whom there was no

paper application supporting SSA's selection of the representative payees. As of December 2015, SSA had paid these representative payees approximately \$218 million.

This occurred because SSA did not take appropriate action to record the representative payees in its Representative Payee System (RPS)(the predecessor to eRPS), and they were subsequently excluded from eRPS. In addition, SSA employees did not always obtain or retain paper applications, as required. Finally, SSA's systems did not generate alerts when there was an active representative payee on the MBR/SSR for whom there was no eRPS record.

**Recommendation:** Evaluate the results of its corrective action for the 91 beneficiaries and determine whether it should take appropriate action to address the remaining population of beneficiaries identified by our audit.

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

**Valued at:** \$216,951,212 in funds put to better use.

**Corrective Action:** SSA is reviewing recent eRPS enhancements and the results of the case review to further refine the full population of records. By the end of CY 2018, SSA will determine if additional records require review.

#### **BENEFITS PAYABLE TO CHILD BENEFICIARIES WHOSE BENEFITS WERE WITHHELD PENDING THE SELECTION OF A REPRESENTATIVE PAYEE (A-09-16-50088, 9/23/16)**

**Results of Review:** We continue to find that SSA needs to improve controls to ensure it pays child beneficiaries' withheld benefits pending the selection of a representative payee. Based on our random sample, we estimated that SSA did not pay 6,615 beneficiaries approximately \$9.2 million in withheld benefits.

We estimated that SSA only paid 2,423 of the 13,464 beneficiaries we identified during our 2010 audit. This occurred, in part, because SSA did not send letters to 4,233 beneficiaries and pay 214 beneficiaries who were in current pay on another record.

**Recommendation:** Evaluate the results of its actions for the 55 beneficiaries and determine whether it should review the remaining 11,927 beneficiaries identified by our current audit.

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

**Valued at:** \$9,124,990 in questioned costs.

**Corrective Action:** An automation S8 Regular Transcript Attainment and Selection Pass (RETAP) alert is to be released in early FY 2019. SSA will evaluate the results of the S8 RETAP alert, as it believes it will incorporate these cases.

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

**Results of Review:** SSA needs to improve its controls to prevent the selection of representative payees who are incapable of managing their own benefits. SSA needs to ensure it records representative payees' correct SSN on the MBR/SSR/RPS, and, when required, retain representative payee applications. Based on our random samples, we estimated that SSA paid

- \$6.3 million to 381 incapable beneficiaries who were serving as representative payees and

- \$53.6 million to representative payees who did not have a verified SSN, RPS record, or application supporting their selection as representative payees for 812 beneficiaries.

**Recommendation:** Evaluate the results of its corrective action for the sampled beneficiaries and take appropriate action to address the remaining populations of beneficiaries identified by our audit.

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

**Valued at:** \$57,711,460 in funds put to better use.

**Corrective Action:** SSA is comparing these records to a separate list of cases released to the Regions in June 2018. Additionally, SSA is determining if eRPS enhancements may identify these records for action. After these two steps, SSA will determine if records within the full population require action.

#### **CONCURRENTLY ENTITLED BENEFICIARIES RECEIVING REPRESENTATIVE PAYEE AND DIRECT PAYMENTS (A-09-16-50093, 5/5/16)**

**Results of Review:** SSA needs to improve controls to ensure it does not make direct payments to concurrently entitled beneficiaries who have a representative payee. Based on our random sample, we estimated 10,912 beneficiaries received approximately \$78 million in direct payments, and their representative payees received about \$137 million on their behalf.

Furthermore, we estimated SSA will pay \$91.1 million in benefits, annually, if it does not determine whether it should pay the 10,912 concurrently entitled beneficiaries directly or through a representative payee. This includes approximately \$36.8 million that SSA will pay directly to the beneficiaries.

**Recommendation:** Conduct timely MBR and SSR matches to identify and correct discrepant payment information.

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

**Valued at:** \$114,820,087 in funds put to better use.

**Corrective Action:** SSA anticipates the Regions will complete the cases by the end of FY 2018; however, the Agency may need additional time.

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

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

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

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

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

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

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

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

**Corrective Action:** SSA determined that, as of December 2017, 11,000 cases of the original 61,000 still have an S9 Windfall on the record. SSA is working to determine the best approach to resolve the cases. One avenue is to centralize the cases in the payment centers, another is to develop a new RETAP alert that would select the cases for action. SSA anticipates making a decision on its action in early FY 2019.

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

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

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

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

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

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

**Corrective Action:** In December 2016, SSA revised the Program Operations Manual System (POMS) RS 00615.110 and RS 00615.742. The POMS revisions clarified that a number holder simultaneously entitled to Disability Insurance Benefits (DIB) and reduced Retirement Insurance Benefits (RIB) should be notified, but only at the time of filing, - not when he or she becomes eligible for reduced RIB months and/or years later.

Based on the revised policy, SSA determined that 148 beneficiaries were entitled to disability benefits prior to age 61 years, 8 months. These 148 beneficiaries were not eligible for reduced retirement; therefore, no action was required to notify them of reduced RIB at the time of filing. The remaining 11 cases resulted in 3 open leads where the beneficiary was eligible for reduced RIB at the time of DIB filing, was alive, and was not receiving SSI. SSA contacted the beneficiaries and two elected to receive the reduced RIB retroactively."

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

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

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

**Corrective Action:** The same criteria as recommendation 1, above, was used to reduce the total population from 20,600 to 3,284. SSA reviewed a 20 case sample of the 3,284 and determined no cases required action. Results of SSA's review are below.

- Three declined reduced RIB on the application.
- Six received reduced RIB before DIB.
- One received unreduced RIB before DIB.
- Four receiving SSI were ineligible to elect reduced RIB over DIB.
- Four had higher total family benefits when auxiliaries became entitled when the NH was over Full Retirement Age.
- One auxiliary was a Disabled Adult Child living in a different household, so there was no advantage to electing reduced RIB.
- One auxiliary child technically entitled on the NH's record was receiving a higher benefit on another parent's record.

Based on the results in recommendation 1 and the cases sampled from this recommendation, SSA has decided not to review the remaining population of 20,600 cases.

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

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

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

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

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

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

**Corrective Action:** SSA reviewed the responses received from each Region, and transferred some records to other Regions for development. SSA will provide a status update in November 2018.

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

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

Unresolved protests of the overpayments we reviewed were often the reason SSA had not recovered the debts owed. An overpayment with a pending protest or waiver request suspends further collection activity until it is

resolved. While SSA's system generates alerts of the pending protest workload, SSA does not have controls in place to ensure that they are addressed timely, which allows protests to remain unresolved and overpayments unrecovered.

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

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

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

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

**Corrective Action:** SSA analyzed the population of 4,869 cases and determined approximately half of the cases no longer show a debt on the record; therefore, no action is required. In addition, SSA excluded cases involving deceased beneficiaries due to the length of time since the death was reported and the low probability of recovering the funds from the estate. Refining the population, SSA is left with 1,597 cases requiring action.

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

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

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

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

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

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

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

**Corrective Action:** SSA continues to work internally on developing a way to determine the cost for collecting overpayments from individuals who are in current pay status and non-pay status.

### **ACCURACY OF AUXILIARY PAYMENTS TO CHILDREN AFTER DIVORCE (A-13-11-21100, 5/12/14)**

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

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

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

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

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

**Corrective Action:** SSA has completed its identification of the population of stepchildren possibly overpaid after a parents' divorce. SSA is currently determining the next steps it will take for the cases.

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

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

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

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

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

Further, controls designed to prevent SSI payments to concurrent beneficiaries whose OASDI records listed addresses outside the United States were not always effective. SSA improperly issued approximately \$122,000 in



SSI payments to 25 concurrent beneficiaries who received OASDI payments in foreign banks via international direct deposit and whose OASDI records listed addresses in foreign countries. Further, 240 of the 1,171 recipients who received payments in accounts in Puerto Rico were concurrent beneficiaries who had Puerto Rico or Virgin Island addresses on their OASDI payment records.

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

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

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

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

**Corrective Action:** SSA continues to leverage the 2J Diary and SSI redeterminations to review and re-verify SSI recipients' residence in the United States and their eligibility for SSI payments. Based on SSA's analysis, it will continue to utilize its current controls, such as the 2J Diary and SSI redeterminations, to review and re-verify SSI recipients' eligibility (residency status).

#### **PAYMENT ACCURACY OF DUALY ENTITLED TITLE II BENEFICIARIES (A-04-13-13014, 8/27/14)**

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

Of the 29 payment error cases, 9 may have been barred from correction due to SSA's administrative finality regulations. When administrative finality regulations bar correction, SSA will not revise the determinations to assess any possible overpayments or correct the ongoing payments. For these payment error cases, we estimated, as of March 2013, SSA overpaid about 664 beneficiaries approximately \$7.6 million. SSA will continue paying the erroneous amount to child beneficiaries until they reach age 18 and are no longer entitled to benefits or the adult beneficiaries die, resulting in paying additional benefits of about \$10.3 million than what should have been due had the amounts been determined properly initially. In a previous report, we recommended that SSA evaluate, and consider revising, its administrative finality regulations to allow for the collection of more debt. SSA agreed with the recommendation and issued proposed rule changes for public response.

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

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

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

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

**Corrective Action:** In May 2016, SSA completed sampling of 102 cases and established criteria for the remaining population. SSA determined 3,458 cases required its review. For those cases that required action, SSA corrected benefit rates based on dual or technical entitlement determinations, established overpayments, and sent a notification to the beneficiaries. Based on the case results, SSA determined 43 percent of the case population did not require action and Administrative Finality rules precluded action in only 2.6 percent of the population. SSA took action to collect approximately \$12.8 million in overpayments.

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

### FOLLOW-UP: TERMINATION OF DISABILITY BENEFITS FOLLOWING A CONTINUING DISABILITY REVIEW CESSATION (A-07-17-50213, 8/21/17)

**Results of Review:** Since our prior review, SSA had taken actions to improve its processes for terminating benefits following disability cessation determinations. However, based on our review of medical cessation determinations made during CYs 2014 and 2015, SSA continued making improper payments. We found:

- 28 (11 percent) of 250 sampled DI beneficiaries and their auxiliaries improperly received \$276,041 after their medical cessation determinations. Based on our sample results, we estimate 3,148 beneficiaries and their auxiliaries received over \$31 million in improper benefits.
- 17 (7 percent) of 250 sampled SSI recipients improperly received \$51,117 after their medical cessation determinations. Based on our sample results, we estimate 5,284 recipients received almost \$16 million in improper payments.

The improper payments occurred because the systems enhancements SSA implemented after our prior audit did not address all types of disability cases. While SSA had terminated benefits for most of the individuals in our samples, at the time of our review, it had not terminated benefits to 12 of the 28 DI beneficiaries. In addition, SSA had not assessed overpayments to three DI beneficiaries.

**Recommendation:** Determine whether it can make further updates to its systems to ensure timely benefit termination for all cases ceased after an administrative law judge appeal.

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

**Corrective Action:** SSA agrees. The Agency received approval for its Information Technology Investment Project (ITIP) proposal and the first phase is expected at the end of January 2019. Since this will involve a phased approach, SSA has not yet determined the implementation date for the second phase.

### CROSS-REFERRED SOCIAL SECURITY NUMBERS (A-06-13-23091, 7/17/17)

**Results of Review:** SSA issued improper payments to individuals under multiple cross-referred SSNs and did not develop a method to ensure death information input on NHs' Numident records was also input on cross-referred Numident records. Based on our sample results, we estimate that SSA issued approximately \$171 million in improper payments to about 2,000 beneficiaries who had multiple cross-referred SSNs. If the Agency does not correct these errors, we estimate it will improperly issue about \$21.2 million over the next 12 months. .

SSA also recorded death information on approximately 2.7 million non-beneficiary NHs' Numident records but did not input death information on their cross-referred SSNs. As a result, we estimate SSA erroneously excluded more than 2 million deceased NHs' SSNs from the Death Master File.

**Recommendation:** Resolve any cases where SSA identifies an individual who receives benefit payments under more than one of his or her own properly assigned SSNs.

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

**Corrective Action:** SSA is working to refine the population, and draft instructions for the field offices to use, as the cases are complex because a single record may contain three SSNs that cross multiple Regions. SSA anticipates releasing the cases with the instructions by November 2018.

**Recommendation:** Implement system controls to prevent simultaneous issuance of payments under cross-referred SSNs.

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

**Corrective Action:** SSA agrees. The Agency plans to conduct analysis to determine the feasibility and appropriateness of controls as they relate to this recommendation.

All of SSA's available resources are currently being utilized in the Information Technology Modernization efforts.

**Recommendation:** Add death information to the Numident records of non-beneficiary NHs whose SSNs are cross-referred to SSNs that contain the NHs' death information.

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

**Corrective Action:** SSA agrees. The first step in determining the feasibility and appropriateness of adding death information to non-beneficiary records is to address any legal concerns. Once SSA addresses the legal concerns, if it determines it can take action on the cases, SSA will undertake extensive analysis on the records to determine which cases are actionable.

#### **THE SOCIAL SECURITY ADMINISTRATION'S TELEWORK PROGRAM AND ITS EFFECT ON CUSTOMER SERVICE (CONGRESSIONAL RESPONSE REPORT) (A-04-17-50267, 7/12/17)**

**Results of Review:** SSA did not restrict specific field office (FO) and teleservice center (TSC) job positions from participating in its telework pilot. However, SSA limited the number of FOs, TSCs, and employees that could participate in the pilot. When SSA began the FO telework pilot in December 2013, it restricted telework to 1 day per 2-week pay period. SSA subsequently increased FO telework to 1 day a week. The TSC telework pilot began in September 2015, and employees were eligible to telework 1 day a week. For hearing offices, SSA restricted only the contact representative position from participating in telework. Hearing office staff could telework up to 3 days per week; some decision writers could telework 4 days a week; and ALJs could telework up to 8 days per month, with the expectation of scheduling, on average, 50 hearings per month. Generally, FO, TSC, and hearing office staff could perform most of their duties while teleworking.

As of January 2017,

- 4,526 (16 percent) of the 27,530 FO employees were participating in the telework pilot at 317 (26 percent) of the 1,213 FOs;
- 831 (19 percent) of the 4,298 TSC employees were teleworking at 17 (68 percent) of the 25 TSCs; and

- 5,541 (64 percent) of the 8,725 hearing office employees were teleworking across all 164 hearing offices, National Case Assistance Centers, and National Hearing Centers.

SSA's management information showed that teleworking FOs performed slightly less as well as the non-teleworking FOs while TSC teleworking staff performed slightly better than non-teleworking staff. Finally, as the number of hearing office teleworkers increased, hearing office productivity declined in three of the four metrics the Office of Disability Adjudication and Review monitored. SSA explained that multiple factors affect productivity, regardless of telework.

SSA managers and staff recognized various telework challenges, and SSA told us it was working to resolve them. SSA needs to establish a business plan that monitors telework productivity to ensure it will timely identify and correct trends that may negatively affect customer service.

**Recommendation:** Determine whether additional customer service or production metrics would assist in measuring how telework affects FOs' ability to provide customer service and employee productivity.

**Recommendation:** Determine the effect telework has on customer wait times when an FO experiences an unusually high number of visitors.

**Agency Response:** As SSA moves forward, it will continue its analysis of telework and determine ways to enhance it while continuing to meet its customer service obligations. SSA will continue to provide training to managers with a focus on strategies to manage employees in a telework environment. SSA will consider the Office of the Inspector General's (OIG) suggestions as it continues to assess the effect of telework on customer service and Agency productivity.

**Corrective Action:** SSA continues to analyze existing workload metrics for indications of a telework effect in its FOs. In the future, SSA plans to explore requesting assistance from the Analytics Center for Excellence to determine what, if any, additional metrics could assist in these efforts. SSA is also working with the Deputy Commissioner for Operations' national telework workgroup, which consists of executives, managers, and representatives from the National Council of Social Security Management Association, to address these recommendations. SSA's is currently updating a survey of pilot managers in order to better gauge telework impact in offices.

#### **SUPPLEMENTAL SECURITY INCOME RECIPIENTS WHO HAVE LIFE INSURANCE POLICIES WITH CASH SURRENDER VALUES (A-02-16-21186, 6/27/17)**

**Results of Review:** SSA did not always accurately determine the Cash Surrender Value (CSV) of SSI recipients' life insurance policies. Of the 114 records we determined needed to be verified, SSA either had not verified the CSVs of the recipients' life insurance policies or had not verified them in 6 years or longer.

For 3 of the 114 recipients, SSA records had information on the CSV. We determined the three recipients were ineligible for SSI payments, and SSA improperly paid them \$11,010 because their CSVs took them over the allowable resource limit for SSI eligibility.

For the remaining 111 cases, SSA did not have copies of the life insurance policies in its records. Lacking the policies, we used SSA's estimation methodology and determined that all these recipients would have been over the resource limit if their actual CSVs equaled their estimated CSVs. Per policy, recipients cannot be determined ineligible based on estimated CSVs, but staff is required to determine the actual CSVs when the

estimated CSVs suggest the recipients have excess resources. Had these recipients been determined to be ineligible for SSI payments when their estimated CSVs suggested they were over the resource limit, they would have been improperly paid about \$3.9 million.

Projecting to our population, we estimate about 6,600 recipients may have been improperly paid approximately \$229 million because their CSVs under existing SSA policy brought their resources over the allowable limit for SSI eligibility.

Lastly, while the estimated CSVs suggested these recipients may have been ineligible for SSI payments, we determined the estimation formula likely overstated actual CSVs.

**Recommendation:** Review the effectiveness of its controls in place to ensure CSVs are verified timely.

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

**Corrective Action:** SSA has completed the cases from recommendation 1. Based on the results, it is developing a set of program circulars to assist technicians when developing life insurance policies.

#### **CROSS-PROGRAM RECOVERY TO COLLECT OVERPAYMENTS (A-13-15-15029, 4/28/17)**

**Results of Review:** SSA did not always exercise its authority to impose mandatory Cross Program Recovery (CPR) for recovery of OASDI and SSI overpayments. As of October 2014, we had identified 20,731 individuals who had OASDI and SSI overpayments totaling about \$86.9 million that were potentially available for CPR.

We reviewed 100 individuals' overpayments and determined 99 were available for CPR as of October 2015.

In addition, we found instances where SSA had not updated its SSRs to (1) transfer overpayments from a terminated SSR to the current SSR so it could pursue collection efforts, (2) document its use of CPR to collect SSI overpayments that could prevent pursuit of collection efforts on a recovered debt, or (3) reestablish collection efforts after CPR was no longer available.

We provided the overpayments for the 99 individuals to the Agency for review. As of March 2017, SSA had initiated CPR actions for 80, and overpayments for 19 individuals were no longer available for CPR.

Based on our sample results, we believe SSA should review the remaining individuals we identified who had OASDI and SSI overpayments and determine whether it should use CPR as a debt collection tool for the overpayments we identified.

We also found SSA had implemented corrective actions pertaining to our prior recommendations. However, SSA had not begun collection efforts for SSI overpayments for 11 individuals we identified in our prior audit. As of January 2017, SSA had initiated CPR actions for nine and overpayments for two individuals were no longer available for CPR.

**Recommendation:** Consider establishing automated alerts to notify staff to review certain overpayments when CPR should be used to collect overpayments.

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

**Corrective Action:** SSA agrees. In August 2017, the Overpayment Redesign investment was approved by the Information Technology Investment Review Board. Beginning FY 2018, due to overlapping technical and business processes, the Overpayment Redesign and Remittance Modernization projects were combined into one investment, the Debt Management Product. Using Agile product development, the Debt Management Product team has completed its initial Customer and Product Discovery phases and will transition to the Product Development phase in March 2018. The Product Development phase will include sprint planning and user story development.

#### **THE SOCIAL SECURITY ADMINISTRATION'S NATIONAL REMITTANCE PROCESS (A-04-16-50111, 3/14/17)**

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

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

On May 23, 2016, we alerted SSA's Commissioner about the significant backlog. In its response, SSA outlined actions it planned to take to eliminate the backlog and improve remittance processing. For example, SSA increased overtime, added RAU staff, and continued efforts to automate the remittance process.

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

**Recommendation:** Establish timeliness standards for remittance processing.

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

**Corrective Action:** All internal SSA stakeholders agreed to the timeliness targets. Staff in the Office of Operations will monitor work unit compliance with the timeliness targets.

#### **UNDERPAYMENTS PAYABLE TO WIDOW(ER)S ELIGIBLE FOR A HIGHER MONTHLY BENEFIT AMOUNT (A-09-14-34103, 4/11/16)**

**Results of Review:** SSA needs to improve its controls to ensure it establishes the correct primary insurance amount (PIA) for widow(er)s when deceased wage earners die before age 62. Based on our random sample, we estimated that SSA underpaid approximately \$224 million to 25,309 widow(er)s. We also estimated that SSA did not record on the MBR that 11,032 widow(er)s were entitled to benefits based on a Widow(er)'s Index (WINDEX) PIA.

This occurred because SSA employees did not identify that a WINDEX PIA applied when they processed claims outside the Modernized Claims System. In addition, SSA employees did not update the MBR to indicate that

widow(er)s' monthly benefit amounts were based on a WINDEX PIA. Finally, SSA's systems did not detect when a WINDEX PIA applied for manually processed claims.

**Recommendation:** Determine whether it should develop a systems alert to detect when a WINDEX PIA should apply.

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

**Corrective Action:** The requested Informational/Certified Earnings Record enhancements have moved to the efforts of the Information Technology Modernization Benefit Domain. SSA will provide an update on progress by January 2019.

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

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

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

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

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

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

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

**Corrective Action:** SSA determined as of December 2017, 15,000 of the original 26,000 still have an S9 Windfall on the record. SSA is working to determine the best approach to resolve the cases. SSA is working to determine the best approach to resolve the cases. One avenue is to centralize the cases in the payment centers, another is to develop a new RETAP alert that would select the cases for action. SSA anticipates making a decision on its action in early FY 2019.

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

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

**Corrective Action:** SSA completed a proposal for systems support and submitted it for approval to its ITIP. SSA anticipates presenting its issues to the ITIP Board in October 2018, which may involve considering the use of the RETAP process to assist in resolving this recommendation. SSA anticipates receiving a response from ITIP in December 2018, and will then determine its next steps.



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

**Results of Review:** Neither we, nor SSA could identify all the households with multiple children receiving SSI because of mental impairments. As such, we were unable to satisfy that part of our audit objective. However, our interviews with individuals at selected field offices, State DDSs, Cooperative Disability Investigations Units, and reviews of 42 households (193 children) with 4 or more mentally disabled children, raised some concerns about the potential for individuals to exploit vulnerabilities in program controls. Although our discussions and case reviews raised some program integrity issues, we did not project our results to all households with multiple children receiving SSI. We recognize that more than one child in a household may have legitimate disabilities; however, we believe SSA should consider households with multiple children applying for, or receiving, SSI for mental impairments as high-risk.

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

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

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

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

Finally, as noted in SSA's general comments, contingent on adequate and sustained program integrity funding to complete the necessary CDRs, SSA expected to eliminate the CDR backlog of children receiving SSI benefits in FY 2017. With funding to work significantly more CDRs in FY 2018, SSA had committed to working all due medical CDRs for child SSI cases by the end of this period.

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

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

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

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

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

**Corrective Action:** SSA has continued its meetings with the stakeholders to determine the feasibility of addressing the unbilled debts and the characteristics creating the discrepancies identified in this audit. In addition, SSA is identifying and updating the population of SSI debts, as well as developing a strategy to address the high volume of complex cases. SSA is considering developing a group of specialized employees in FOs and Payment Centers to correct the debts.

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

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

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

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

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

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

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

**Corrective Action:** SSA agrees and is preparing the NPRM for public comment.

#### **SUPPLEMENTAL SECURITY INCOME TELEPHONE WAGE REPORTING (A-15-12-11233, 2/6/14)**

**Results of Review:** We determined Supplemental Security Income Telephone Wage Reporting (SSITWR) effectively received and processed wages reported via the telephone, and SSA accurately posted those reported wages to the SSR and the Modernized Supplemental Security Income Claims System. Although SSA

reduced improper payments since it implemented SSITWR, information was not available to correlate the reduction with this new process.

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

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

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

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

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

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

**Corrective Action:** The first release of Bipartisan Budget Act 826/myWageReport (myWR) was implemented on September 23, 2017. Management Information (MI) reports for Supplemental Security Income Mobile Wage Reporting (SSIMWR) and Supplemental Security Income Telephone Wage Reporting (SSITWR) will be incorporated into Bipartisan Budget Act 826/myWR. In FY 2019 and FY 2020, SSA will pursue enhancements to provide MI at the national, regional, area, district, and field office levels for myWR, SSIMWR, and SSITWR. SSA also plans to pursue obtaining direct comparisons between the various wage-reporting tools as well as unique-level data.

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

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

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

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

**Corrective Action:** For FY 2018, SSA did not have the resources for fund enhancements to the eRPS. The system alert referenced in this recommendation will not be implemented until SSA obtains adequate resources to fund the update.

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

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

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

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

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

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

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

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

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

**Corrective Action:** SSA established an inter-component workgroup to assess and look into redefining the alert process of SSI recipients who receive direct deposit payments in banks in Puerto Rico or the Virgin Islands. The workgroup identified SSI recipients who may be living outside the United States and notified the FO staff to allow for the investigation of the identified SSI recipients. The 2J diary is the primary control in place to verify residence of SSI recipients and is a low-priority diary. Clearing the diary is a manual process that requires claimant contact by operations. In late 2016, SSA received monthly files that listed suspected foreign SSI cases. SSA developed these recipients' presence in the United States by following the existing policy (e.g. 2J Diary).

Based on SSA's analysis, it is not feasible to modify the alert process. SSA will continue to leverage the 2J Diary to review and verify SSI recipients' residence in the United States. As of the beginning of 2018, SSA continues to leverage the existing 2J Diary process, to review and verify SSI cases. Currently, there are 10 2J diaries pending in the entire country.

#### **REPRESENTATIVE PAYEE SELECTIONS PENDING IN THE REPRESENTATIVE PAYEE SYSTEM (A-09-12-11252, 2/27/14)**

**Results of Review:** SSA did not always resolve representative payee selections that were pending in its RPS.

Based on our random sample, we estimated that SSA:

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

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

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

**Corrective Action:** SSA implemented two changes in the Stuck Sweeper programs in June 2018 and August 2018. To be able to find more matching records between eRPS and the MBR, SSA modified its program so that it finds a match on Beneficiary Identification Codes starting with "C" regardless of the second character. If it finds a match, then the program will automatically close the stuck application (if all other criteria are met). To reduce discrepancies based on selection date between eRPS and the MBR/SSR, SSA modified its program so that when the entitlements on the MBR/SSR have terminated (entitlement codes starting with "T"), and the stuck application date is 1 year or older from the current date, then the program will automatically close the stuck application (if all other criteria are met).

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

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

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

SSA is preparing to issue an Advanced Notice of Proposed Rulemaking (NPRM) on the need to update the medical-vocational guidelines. This process should lead to changes in how SSA considers factors that may affect a claimant's ability to adjust to other work in the economy. SSA may also want to review other

interpretations of the grid rules. For example, a U.S. District Court's earlier judgment, upheld by a U.S. Court of Appeals, found that, usually, it is the ability to communicate in Spanish, not English, which is vocationally important in Puerto Rico.

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

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

**Corrective Action:** SSA agrees. The Agency has completed its evaluation and has taken action to publish an NPRM in the Federal Register at the end of FY 2018. The NPRM will detail SSA's actions to remove the inability to communicate in English as a vocational factor. SSA will ensure the revised forms (those that it uses to obtain information about a claimant's literacy in any language) are transitioned into use prior to the implementation of the final rule, which SSA anticipates taking place in Spring 2019. OIG agreed to SSA's actions and agrees that the actions satisfy the intent of its recommendation; therefore, no further tracking of this recommendation was required.

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

SSA/OIG has open recommendations dating back to FY 2001. All recommendations from years prior to FY 2001 are closed. In addition, there are no unimplemented recommendations from FYs 2002-2003, FYs 2005-2010. The chart below identifies the number of reports with unimplemented recommendations by year and the aggregate potential cost savings of those recommendations.

Year	Number of Reports with Unimplemented Recommendations	Number of Unimplemented Recommendations	Dollar Value of Aggregate Potential Cost Savings
2001	1	1	\$0
2004	1	1	\$0
2011	1	1	\$0
2012	5	5	\$196,258,314
2013	4	4	\$0
2014	11	16	\$3,526,453
2015	14	18	\$3,348,082,766
2016	18	33	\$303,791,029
2017	30	54	\$2,878,621,072
2018 (through March 31)	12	24	\$289,428,506
<b>Total</b>	<b>97</b>	<b>157</b>	<b>\$7,019,708,140</b>

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

Report Title	Report Number	Report Issued
<b>2001</b>		
Approval of Claimant Representatives and Fees Paid to Attorneys	A-12-00-10027	8/21/2001
<b>2004</b>		
Conserved Funds for Deceased Beneficiaries with Non-Related Representative Payees	A-13-03-23085	3/18/2004
<b>2011</b>		
Recovery of Title II Payments Issued After Beneficiaries' Deaths	A-09-10-11037	1/4/2011
<b>2012</b>		
State Disability Determination Services' Employee and Contractor Suitability Program	A-15-11-21180	12/21/2011
The Social Security Administration's Software Modernization and Use of Common Business Oriented Language	A-14-11-11132	5/17/2012
Title II Deceased Beneficiaries Who Do Not Have Death Information on the Numident	A-09-11-21171	7/9/2012
Beneficiaries Who Had Not Cashed their Social Security Checks Within 1 Year	A-09-10-20133	7/19/2012
Management Advisory Report: Supplemental Security Income Payments to Multi-recipient Households	A-06-09-29149	8/7/2012
<b>2013</b>		
Benefit Payments Managed by Representative Payees of Children in Pennsylvania's State Foster Care Programs	A-13-12-11245	12/4/2012
Direct Deposit Changes Initiated Through Financial Institutions and the Social Security Administration's Internet and Automated 800-Number Applications (Limited Distribution)	A-14-12-21271	12/20/2012
Access Controls for the Social Security Number Verification Service	A-03-12-11204	4/18/2013
Title XVI Deceased Recipients Who Do Not Have Death Information on the Numident	A-09-12-22132	5/3/2013
<b>2014</b>		
Supplemental Security Income Telephone Wage Reporting	A-15-12-11233	2/6/2014



Improper Use of Children's Social Security Numbers	A-03-12-21269	3/31/2014
Supplemental Security Income Recipients Who Had Not Cashed Their Checks Within 1 Year	A-09-13-23023	4/7/2014
Accuracy of Auxiliary Payments to Children after Divorce	A-13-11-21100	5/12/2014
Access Controls over the Business Services Online (Limited Distribution)	A-03-13-13015	6/5/2014
Payments to Individuals with Deaths Reported in California from 1980 to 1987	A-06-14-21416	8/14/2014
Accrued Benefits Payable on Behalf of Deceased Beneficiaries	A-09-14-14034	8/20/2014
Representative Payees and Beneficiaries Who Were Residing in Different States	A-02-14-14044	8/27/2014
Payment Accuracy of Dually Entitled Title II Beneficiaries	A-04-13-13014	8/27/2014
Auxiliary Beneficiaries Who Do Not Have Their Own Social Security Number	A-01-14-14036	9/29/2014
Controls over Claimant Representative Fee Petition Payments	A-05-13-13061	9/29/2014
<b>2015</b>		
Underpayments Payable to Terminated Title II Beneficiaries	A-09-13-23099	12/17/2014
Self-employment Earnings Removed from the Master Earnings File (Limited Distribution)	A-06-12-12123	1/30/2015
Follow-up: Collection of Civil Monetary Penalties	A-06-14-14047	3/10/2015
Using Medicare Data to Identify Disabled Individuals Who Are Deceased	A-08-13-13038	4/7/2015
Fraud Risk Performance Audit of the Social Security Administration's Disability Programs (Limited Distribution)	A-15-15-25002	4/29/2015
Observations and Recommendations for the Disability Case Processing System (Limited Distribution)	A-14-15-50008	5/4/2015
Reimbursement for Data Exchanges with Third Parties	A-03-14-24027	5/8/2015
Cost-benefit Analysis of Processing Low-dollar Overpayments	A-07-14-14065	7/1/2015
Overpayment Waiver Requests Processed by Field Offices in Fiscal Years 2012 and 2013	A-07-15-35031	7/30/2015
Old-Age, Survivors and Disability Insurance Overpayments Pending Collection	A-02-15-35001	9/22/2015

Oversight of the Benefit Offset National Demonstration Project	A-04-14-14078	9/22/2015
Supplemental Security Income Overpayments Pending a Collection Determination by the Social Security Administration	A-07-15-15030	9/22/2015
Medical Denial Rates for Presumptive Disability Determinations	A-07-15-15032	9/23/2015
Performance Review of US Investigations Services, LLC (Limited Distribution)	A-15-15-25034	9/24/2015
<b>2016</b>		
Accuracy of Disability Benefits to Beneficiaries Who Also Receive Federal Employees' Compensation Act Payments	A-02-15-22114	11/13/2015
Colorado Disability Determinations Service Administrative Cost Reporting	A-06-15-50033	12/31/2015
Retirement Claim Denials Because of Lack of Insured Status	A-09-14-34107	1/28/2016
Higher Retirement Benefits Payable to Families of Disabled Beneficiaries	A-09-14-34080	2/2/2016
Households With Multiple Children Receiving Supplemental Security Income Payments Because of Mental Impairments	A-08-14-14098	3/2/2016
Old-Age, Survivors and Disability Insurance Benefits Withheld Pending a Windfall Offset Determination	A-09-15-15041	3/21/2016
Underpayments Payable to Widow(er)s Eligible for a Higher Monthly Benefit Amount	A-09-14-34103	4/11/2016
Concurrently Entitled Beneficiaries Receiving Representative Payee and Direct Payments	A-09-16-50093	5/5/2016
The Social Security Administration's Fiscal Year 2014 Government Purchase Card Program	A-13-15-50038	5/10/2016
Workload Oversight in the Miami Hearing Office (Limited Distribution)	A-12-15-50041	6/9/2016
Payments to Individuals Incarcerated in Texas Department of Criminal Justice Facilities	A-06-15-50017	8/9/2016
Beneficiaries Serving as Representative Payees Who Have a Representative Payee	A-09-16-50109	8/10/2016
Office of Personnel Management Deaths Not in the Social Security Administration's Systems	A-01-13-23032	8/29/16
Benefits Payable to Child Beneficiaries Whose Benefits Were Withheld Pending the Selection of a Representative Payee	A-09-16-50088	9/23/2016
The Social Security Administration's Plan to Achieve Self-Support Program	A-08-16-50030	9/27/2016

Numident Death Information Not Included on the Death Master File	A-06-16-50069	9/28/2016
Old-Age, Survivors and Disability Insurance Benefits Affected by Federal Pensions	A-13-16-23006	9/29/2016
Access to the Social Security Administration's my Social Security Online Services (Limited Distribution)	A-14-15-15010	9/29/2016
<b>2017</b>		
Pre-effectuation Reviews of Favorable Hearing Decisions	A-12-15-50015	2/7/2017
Active Representative Payees Who Are Not in the Social Security Administration's Electronic Representative Payee System	A-09-14-34120	2/15/2017
Individual Representative Payees Who Do Not Have a Social Security Number in the Social Security Administration's Payment Records	A-09-16-50159	2/17/2017
Beneficiaries Whose Payments Have Been Suspended for No Child in Care and Who Are Serving as Representative Payees for Children	A-09-17-50200	2/24/2017
The Social Security Administration's National Remittance Process	A-04-16-50111	3/14/2017
Manual Actions to Issue Old-Age, Survivors and Disability Insurance Underpayments Less Than \$6,000	A-07-17-50153	4/21/2017
Single Audit of the State of Illinois for the Fiscal Year Ended June 30, 2016	A-77-17-00007	4/21/2017
Security of the Social Security Administration's Public Web Applications	A-14-17-50152	4/25/2017
Cross-program Recovery to Collect Overpayments	A-13-15-15029	4/28/2017
Overpayments Collected Through Long-term Repayment Plans	A-07-16-50082	5/3/2017
The Social Security Administration's Compliance with the Improper Payments Elimination and Recovery Improvement Act of 2012 in the Fiscal Year 2016 Agency Financial Report	A-15-17-50255	5/4/2017
Statutory Benefit Continuation During the Appeals Process for Medical Cessations	A-07-17-50127	5/11/2017
The Social Security Administration's Information Technology Costs of the National Support Center	A-04-16-50138	5/16/2017
Individuals Who Had Federal Earnings and Old-Age, Survivors and Disability Insurance Overpayments	A-04-16-50136	6/9/2017
Supplemental Security Income Overpayments Resulting from the Goldberg-Kelly Procedures	A-01-14-34091	6/12/2017

Single Audit of the Commonwealth of Puerto Rico Department of the Family for the Fiscal Year Ended June 30, 2016	A-77-17-00010	6/15/2017
Vocational Rehabilitation Services Reimbursements for Supplemental Security Income and Disability Insurance Beneficiaries	A-15-14-14095	6/19/2017
Supplemental Security Income Recipients Who Have Life Insurance Policies with Cash Surrender Values	A-02-16-21186	6/27/2017
Controls over Death Underpayments Paid to Non-beneficiaries	A-09-16-50114	6/29/2017
Manually Reduced Cross-program Recovery Overpayments	A-06-17-50225	7/5/2017
The Social Security Administration's Telework Program and Its Effect on Customer Service	A-04-17-50267	7/12/2017
Cross-referred Social Security Numbers	A-06-13-23091	7/17/2017
Beneficiaries Who Worked After Their Disability Onset Dates and Before Favorable Hearing Decisions	A-02-16-20132	7/18/2017
Widow(er)s Eligible for an Earlier Initial Month of Entitlement	A-09-17-50187	8/7/2017
Follow-up: Termination of Disability Benefits Following a Continuing Disability Review Cessation	A-07-17-50213	8/21/2017
Guard Services Provided in the New York Region in Fiscal Year 2015	A-02-17-50186	8/21/2017
Payments to Individuals Listed as Deceased in Department of Veterans Affairs' Records	A-06-16-50029	8/29/2017
The Social Security Administration's Manual Award Process for Initial Retirement and Survivors Insurance Claims	A-08-16-50053	9/5/2017
Supplemental Security Income Payments to Confined Juveniles	A-08-17-50237	9/12/2017
Social Security Administration Employees Who Received Salary Increases While Working Under an Opportunity to Perform Successfully Plan	A-04-17-50208	9/14/2017
<b>2018</b>		
The Cost-effectiveness of Vocational Rehabilitation Services	A-02-17-14048	10/20/2017
The Social Security Administration's Compliance with the Digital Accountability and Transparency Act of 2014 as of May 2017	A-15-17-50250	11/6/2017

Old-Age, Survivors and Disability Insurance Benefits to Individuals Removed from the United States	A-13-17-34105	12/29/2017
Pending Supplemental Security Income Alerts Related to Over-reported Earnings	A-07-17-50264	1/5/2018
Claims-taking Systems Access Profiles	A-14-17-50096	2/5/2018
Customer Wait Times in the Social Security Administration's Field Offices	A-04-18-50260	2/6/2018
Information Technology and Related Staff Costs Claimed by the Minnesota Disability Determination Services	A-05-17-50284	2/14/2018
Higher Benefits for Dually Entitled Widow(er)s Had They Delayed Applying for Retirement Benefits	A-09-18-50559	2/14/2018
Council of the Inspectors General on Integrity and Efficiency Purchase Card Project	A-13-17-50266	2/21/2018
Removal of Self-employment Income and the Impact on Social Security Benefits	A-03-16-50102	2/22/2018
Using Nursing Home Data to Determine Suitability of Representative Payees	A-03-16-50056	3/21/2018
Deceased Beneficiaries Who Had Different Dates of Death on the Social Security Administration's Numident and Payment Records	A-09-17-50259	3/26/2018

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

As noted in our last semi-annual report, management has not made a decision on two recommendations included in the report, *Single Audit of the Commonwealth of Puerto Rico Department of the Family for the Fiscal Year Ended June 30, 2016*. This report was issued June 15, 2017. SSA's New York region is working with the Commonwealth of Puerto Rico Department of the Family and the DDS to resolve the recommendations. However, Hurricane Maria left behind unprecedented destruction, which included the offices of the Puerto Rico DDS. SSA requested an additional extension until October 31, 2018 to respond to the recommendations.

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

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

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

### **OFFICE OF AUDIT**

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

However, the Office of Audit issued three reports as "limited distribution" during this timeframe:

- Undeliverable Social Security Number Cards (A-15-17-50279) – issued April 2018
- Implementation of the Internet Social Security Number Replacement Card Project (A-08-17-50241) – issued July 2018
- The Social Security Administration's Comprehensive Integrity Review Process (A-14-17-50097) – issued September 2018

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

### **OFFICE OF INVESTIGATIONS**

For this reporting period, OIG closed no cases of alleged misconduct by senior Government officials that were not disclosed to the public.

## APPENDIX H: PEER REVIEWS

### OFFICE OF AUDIT

Our Office of Audit is required to undergo a peer review every 3 years, in accordance with generally accepted Government auditing standards.

- The final System Review Report related to our last peer review, conducted by the Department of Veterans Affairs (VA), was issued in August 2018. We received a rating of “pass,” which means that the review team concluded that the system of quality control for the audit organization had been suitably designed and complied with, to provide us with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. The VA OIG identified no deficiencies that affected the nature of the report. Further, there were no findings or recommendations because of this peer review.
- During FY 2015, we conducted a peer review of the Environmental Protection Agency OIG Audit Organization. We issued our report on June 12, 2015 and made no recommendations because of this peer review. We are currently conducting a peer review of the Department of Energy OIG’s audit organization.
- There are no outstanding recommendations from prior audit peer reviews completed by us, or from prior reviews of our organization.

### OFFICE OF INVESTIGATIONS

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

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



## APPENDIX I: REVIEW OF LEGISLATION & REGULATIONS

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

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

### ***CIGIE Legislation Committee***

SSA OIG is an active member of the Legislation Committee of Council of the Inspectors General on Integrity and Efficiency (CIGIE). In this role, we serve on a small team of IGs, working in close coordination with CIGIE's Executive Officers to monitor, evaluate, prioritize, and develop legislative products that affect the inspector general community. The Committee is an essential liaison between the IGs and Congress, providing experience-based practical and technical support. To effectively identify, craft, and propose legislation to enhance the success of the IGs, the Committee maintains an open channel of informal communication with Congressional staff, as well as providing formal comments on behalf of CIGIE.

During this period, the Committee coordinated community-wide and agency-specific concerns of CIGIE members to appropriately support, modify, and otherwise comment on a wide range of important legislative issues. Particularly significant issues include enhancement of whistleblower protections and IG testimonial subpoena authority.

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

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

#### U.S. Sentencing Commission Revised Sentencing Guidelines

On April 12, 2018, the US Sentencing Commission amended the Federal sentencing guidelines in accordance with the *Bipartisan Budget Act of 2015* (BBA) to create a new criminal charge of conspiracy to commit SSA fraud and increase penalties from 5 years to 10 years' imprisonment for individuals in a position of trust who defraud SSA. Both of these revisions resulted from SSA OIG, in consultation with DoJ, presenting detailed view letters to the Sentencing Commission. The amendments go into effect on November 1, 2018,

but according to DOJ, either party in a criminal case may ask the presiding judge to start applying the amendments now since the guidelines are advisory.

#### BBA Implementation Regulations

BBA Section 813 establishes civil monetary penalties in Section 1129 of the *Social Security Act* against individuals in a position of trust that make false statements, misrepresentations, or omissions in connection with obtaining or retaining SSA benefits or payments. BBA Section 814 clarifies that electronic and internet communications are included in the prohibitions against misusing SSA's names, symbols and emblems to convey the false impression that such items are approved, endorsed, or authorized by SSA, as stated in Section 1140 of the *Social Security Act*. In addition, it treats each dissemination, viewing, or accessing of a communication as a separate violation.

Since enactment of the BBA in 2015, SSA OIG has consistently raised the need to amend the regulations at 20 C.F.R. Part 498 to implement the BBA. In February 2018, SSA OIG received notification that it may commence regulatory drafting activities and is working on these proposed rule drafts.

## **APPENDIX J: WHISTLEBLOWER RETALIATION**

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

**Nothing to report.**

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

Section 5(a)(21) of the Inspector General Act of 1978, as amended, requires the SSA OIG to provide a detailed description of any attempt by the establishment to interfere with the independence of the OIG, including:

- (a) with budget constraints designed to limit the capabilities of the Office; and
- (b) incidents where the establishment has resisted or objected to oversight activities of the Office or restricted or significantly delayed access to information, including the justification of the establishment for such action.

**Nothing to report.**

## GLOSSARY OF ACRONYMS

AFES	Anti-Fraud Enterprise Solution
ALJ	administrative law judge
AMFED	Allegation Management and Fugitive Enforcement Division
BBA	<i>Bipartisan Budget Act of 2015</i>
CAS	Cost Analysis System
CDI	Cooperative Disability Investigations
CDR	continuing disability review
CEO	Chief Executive Officer
CIGIE	Council of Inspectors General on Integrity and Efficiency
CMP	civil monetary penalty
CMS	Centers for Medicare & Medicaid Services
CPR	Cross Program Recovery
CSV	Cash Surrender Value
CY	calendar year
DAB	Departmental Appeals Board
DCPS	Disability Case Processing System
DDS	disability determination services
DFT	Digital Forensics Team
DHS	Department of Homeland Security
DI	Disability Insurance
DIB	Disability Insurance Benefits
DoJ	Department of Justice
EPE	Extended Period of Eligibility
eRPS	Electronic Representative Payee System
ESF	Earnings Suspense File
FBI	Federal Bureau of Investigations
FO	field office
FY	fiscal year
IG	Inspector General
IGST	Inspector General Subpoena Tool
IO	Immediate Office
IT	information technology
ITIP	Information Technology Investment Project
LNRS	LexisNexis Risk Solution
MACADE	Manual Adjustment, Credit, and Award Data Entry
MBR	Master Beneficiary Record
MI	management information
MNUP	Medicare Non-utilization Project
MOE	month of entitlement

MOU	memorandum of understanding
MSPB Merit Systems Protection Board	
myWR	myWageReport
NH	numberholder
NICMS	National Investigative Case Management System
NPRM	Notice of Proposed Rulemaking
OA	Office of Audit
OASDI	Old-Age, Survivors and Disability Insurance
OCIG	Office of the Counsel to the Inspector General
OCRM	Office of Communications and Resource Management
OI	Office of Investigations
OIG	Office of the Inspector General
OQR	Office of Quality Review
PIA	primary insurance amount
POMS	Program Operations Manual System
RAU	Remittance and Accounting Unit
RETAP	Regular Transcript Attainment and Selection Pass
RIB	Retirement Insurance Benefits
RPS	Representative Payee System
RSI	Retirement and Survivors Insurance
SGA	substantial gainful activity
SI	Survivors Insurance
SSA	Social Security Administration
SSAB	Social Security Advisory Board
SSI	Supplemental Security Income
SSN	Social Security number
SSR	Supplemental Security Record
TSC	teleservice center
TWP	Trial Work Period
VA	Department of Veterans Affairs
VCC	Violation of Virginia Criminal Code
WINDEX	Widow(er)'s Indexing