

## Part VII: Major Management Challenges

To meet our performance goals established for FY 2003, we must strive to resolve our management challenges identified both externally and internally. Listed below are the management challenges currently designated by the General Accounting Office (GAO), SSA's Office of the Inspector General (OIG), and the Senate's Committee on Governmental Affairs (CGA) as the eleven most serious management issues facing our Agency. In all cases, we have formulated specific action plans to address these challenges and have made significant progress toward meeting them. For some challenges, we use numeric outcome or output goals to track our progress. For others, we use measurable milestones of initiatives, tracked by our executives.

There are clear linkages between these Major Management Challenges and the President's five government-wide management initiatives discussed in Part IV of this Plan. For example, *Strategic Management of Human Capital* is one of the President's government-wide initiatives, the GAO cites *Human Capital Management* as a government-wide high-risk area, and SSA's OIG cites *Human Capital Management* as an SSA-specific challenge.

### Major Management Challenges:

1. Better Position SSA for Future Service Delivery Challenges (GAO, CGA, and IG designated. OIG refers to these challenges under its "Service Delivery" designation)
2. Human Capital Management (Government-wide; GAO and OIG designated)
3. Systems and Information Security (Critical Information Infrastructure – OIG designated)
4. Play an Active Research, Evaluation, and Policy Development Role (GAO, CGA designated)
5. Improve SSA's Disability Determination Process and Return People to Work. (GAO, CGA, and OIG designated. OIG refers to this challenge under its "Management of the Disability Process" designation)
6. Improper Payments of the "Disability Process" (OIG designated) and Sustain Management and Oversight of Long-standing, High-Risk SSI issues (GAO designated)
7. Fraud Risk (OIG designated)
8. Integrity of the Earnings Reporting Process (OIG designated)
9. SSN Misuse and Privacy Concerns – Identity Theft (OIG designated)
10. Integrity of the Representative Payee Process (OIG designated)
11. Performance, Management and Data Reliability (OIG designated)

Following is a discussion of our progress and the strategies that will help us meet these challenges, plus the performance goals that relate to them:

## **1. Major Management Challenge: Better Position SSA for Future Service Delivery Challenges**

SSA has a long history of exemplary service marked by high satisfaction. As the baby boom generation approaches disability-prone years and retirement over the next few years, we face dramatic increases in workloads and significant losses from an expert workforce looking to retire. At the same time, more and more individuals of all age groups are relying upon and demanding the convenience of world-class electronically-based service. The challenges are daunting.

The convergence of these forecasted trends present us with an opportunity to: 1) reshape our business processes, 2) reform our management of human capital and technology, and 3) develop and meet service delivery goals to meet public demands. In keeping with the President's Management Agenda, our future service will be citizen-centered and results-oriented. Individuals will have access to one-stop shopping with single-points-of-entry to high quality government services. Business partners that use our earnings reporting process will switch from paper and magnetic tape reporting to Internet reporting, reducing their costs and ours. We will share information with Federal and State government partners and serve the public better.

E-government will increase our productivity and help us to bridge the resource gap that will be created by the expected explosive growth in our workloads.

### **Related Goals:**

- Percent of public's interaction with SSA, including citizen-initiated services, available either electronically via the Internet or through automated telephone service. *See Part V, page 33 - 35.*
- Percent of employee reports (W- 2s) filed electronically. *See Part V, page 50-51.*
- Continue to implement the SSA Future Workforce Plan. *See Part V, page 58-59.*

We are developing improved business processes and crosscutting human capital and e-government strategies that will serve as the roadmap for the future. The President's Management Agenda and the related performance objectives and strategies in the Agency Strategic Plan will drive our near-term initiatives to meet long-term service delivery goals.

### ***Delivering Services and Benefits in a Citizen-Centered Manner:***

Using citizen-centered business processes and state-of-the-art electronic tools, we will improve our interactions with the public, regardless of where and how the contact occurs. Our website - Social Security Online -- provides the public with one stop shopping for comprehensive information, interactive applications for retirement and spousal benefits, and postentitlement services. ENews, our online newsletter, presents recent Social Security developments and allows our 160,000-plus subscribers to specify areas of interest and define the type of information they want to receive. In FYs 2002 and 2003, we will implement electronic disability services, representative payee accounting, death reporting, earnings correction, online Social Security Statements, SSI wage reporting, and foreign claims. Our first password protected automated 800-number response system will provide the benefit amount and date of the next check.

Our expanded capital planning process identifies priority projects that will further enhance our Agency's web presence and improve our service. We use a focused set of criteria for prioritizing proposed e-services, based on strategic value, risk analysis, impact on operations and resources, citizen value, and stewardship. We assess and adjust the schedule of projects to ensure that we will be providing the best possible electronic service. Some major areas of focus include:

- Promoting internal efficiency and producing measurable e-government outcomes;
- Finding better ways to collect feedback from people who use our services, gain insight into their concerns, and manage our interaction with the public and our business partners;

- Working on a comprehensive redesign of our website, addressing usability issues and using a hybrid demographic and topical portal approach to providing information and services;
- Determining which electronic transactions and applications the public wants. Several feasibility studies are underway, especially in the area of Supplemental Security Income (SSI); and
- Serving individuals whenever and however they choose to do business with us. We will offer service in multiple electronic delivery channels, in addition to our traditional means of providing service. We are doing research, development, and testing of new electronic technologies, looking at their potential impact from an operational, planning and citizen perspective.

We are collaborating on e-government projects with other federal/state agencies and business partners, including:

- Managing the e-vital initiative and playing a key role in five other Federal e-government initiatives;
- Benchmarking other government agencies and large corporations with successful e-service to determine their best practices, the type of management information they gather, and their process for measuring specific outcomes;
- Working with the General Services Administration (GSA) on a project that spans federal and state government agencies and private industry, to develop a methodology for determining the value of electronic services to the organization and our citizens;
- Developing additional data sharing agreements with State agencies to exchange appropriate vital statistics records, e.g., birth, marriage, and death;
- Actively working with FirstGov, a public private partnership, led by a cross agency board and administered by the GSA's Office of Government-wide Policy;
- Developing online wage and death reporting for use by our business partners; and
- Piloting the electronic transfer of medical records in accordance with the Health Insurance Portability and Accountability Act.

### **Related Goals:**

- Percent of States with which SSA has electronic access to human services and unemployment information. *See Part VI, page 70*
- Percent of States with which SSA has electronic access to vital statistics and other material information. *See Part VI, page 70*
- Percent of employee reports (W-2s) filed electronically. *See Part VI, page 50*

We need to acquire and implement a robust e-government infrastructure that provides for flexibility, rapid development and scalability. Although our current environment is presently addressing our needs, we need to leverage our investment in the existing enterprise databases and business software.

We are committed to providing a secure and private e-government environment for the public by:

- Using an SSA developed risk assessment tool that is recognized by other federal agencies;
- Consulting with our privacy experts to assess the proper level of authentication for each of our transactions;
- Testing digital certificates (Public Key Infrastructure (PKI)) and other technologies to assure the integrity and non-repudiation of transactions. We will consider using them in private and public partnerships;
- Implementing appropriate authentication methods and technology; and
- Implementing electronic services incrementally with decision points that will allow validation of our projected cost/benefit analysis.

***E-Procurement Initiatives:***

We are committed to fully implementing e-procurement at SSA. In September 1999, we began using the government-wide single-point-of-entry website to announce our acquisition opportunities, post our solicitations (agency requirements), and post-award synopses. This website, FedBizOpps.gov, presents a single face to industry for all of SSA's advertised requirements over \$25,000. (All Federal agencies are required to use this system by FY 2002.) We no longer maintain an agency bidder's mailing list. Instead, our website refers all vendors to the FedBizOpps site. We submit our acquisition data to the Federal Procurement Data System electronically. We have also implemented agency-wide, the "GSA Advantage!" – an Internet-based catalog ordering system. All of our 3,000 plus micro-purchasers nationwide can place electronic orders using the Internet with payment by Government purchase card.

At the end of FY 1999, we purchased a commercial off-the-shelf software package that enables web communications with vendors for solicitations, receiving offers, and making awards. Our contracting office is now using this state-of-the-art system to process Agency workloads. It includes an electronic interface with our Finance office for the transmission of acquisition data to the accounting system. We also installed this new system in all of SSA's ten regional offices. We are currently testing electronic communication with vendors and plan to complete this contracting pilot by the end of FY 2002. We are piloting the remote requisitioning function in a few SSA offices. We expect to roll out this function to additional SSA offices in FY 2002, and we plan to install this new system in all of SSA's ten regional contracting offices.

SSA headquarters offices will no longer have to prepare paper purchase requests, sign them, and manually walk or send them through the approval chain. Instead, they will prepare their requests on-line and forward them on-line to all SSA approvers (including funds approvers) and to the contracting office. This saves time in routing requests and eliminates duplicate entry of data into the contracting system. Requestors will be able to check the status of their requests on-line. By the end of FY 2003, we will have migrated to a 100 percent Internet-based purchase card reconciliation process for 100 percent of SSA headquarters and 50 percent of SSA's field offices. Fewer SSA staff will be needed to support the SSA purchase card reconciliation system, as a contractor will be supporting the Internet-based reconciliation process at no additional cost to our Agency.

**Our Commitment:**

By the end of FY 2003, we will have in operation a paperless, remote requisitioning process for 100 percent of SSA's headquarters offices.

***E- Grants:***

The SSA E-Grants Internet site provides the public with readily accessible information about our grants program. In addition, we have a presence on the Federal Commons web site, the Internet gateway that will serve as the single-point-of-entry for e-grants Government-wide. Through either of these sites, users can download SSA grant application kits. We participate in the Interagency Electronic Grants Committee (IAEGC), which promotes a common face in electronic grants transactions Government-wide. Currently, we are conducting market research to locate successful automated grant award systems. We are seeking to buy a totally electronic solution that can be adapted for our use.

We are one of 26 Federal agencies pledging participation in a global, interagency plan aimed at developing simplified grants business processes. One of the cornerstones of this unified plan is the development of electronic processes to streamline all phases of grant administration. The key elements of the plan are:

- Further development of the Internet gateway Federal Commons;
- Development of standardized electronic business processes;

- Development of full automation capability that covers the entire grant life cycle; and
- Making up-to-date information available on the web in a standardized manner.

### Our Commitments:

- By the end of FY 2002, we will have completed market research for a fully automated grants award system and will have made the purchase decision on such a system. Based on our research, we will know whether the available state-of-the-art automated grants systems meet our needs.
- Our FY 2003 goal will be based on whether or not we purchase an automated grants system.

## 2. Major Management Challenge: Human Capital Management

See our discussion of the Presidential Initiative “Strategic Management of Human Capital ” beginning on pages 16-17 and 58-59 for our strategy and related goals.

## 3. Major Management Challenge: Systems and Information Security

We continue to strengthen our controls to protect SSA information. The SSA security program is comprehensive and we take a proactive approach to protecting information housed in SSA systems. Our security program has a number of key components that provide a sound basis for data protection.

- We use an access control package to enforce our policies of *separation of duties* and *least privilege authority* for employees. The package also includes an authentication process that users must complete prior to accessing SSA systems.
- We continue to enhance our comprehensive integrity review process to generate alerts when sensitive transactions and combinations of transactions occur. We have an extensive audit trail system that can identify individuals who have accessed or processed specific records, and we identify and support investigations of these problems.
- All employees with access to SSA systems are required to sign an annual acknowledgement of the Agency’s sanctions for systems access violations.
- We use state-of-the-art firewall technology to protect our network. We are on constant alert for both intrusion detection and denial-of-service attacks.
- Our network is monitored 24 hours a day by SSA technicians and contractors. We have a third party contract service that provides 24/7 Emergency Response Services 365 days a year.

**We support government-wide information assurance and data protection initiatives as described below:**

### ***Government Information Security Reform Act (GISRA):***

We have completed a self-assessment of our security program, using a tool provided by the National Institute of Standards and Technology. We were able to determine our level of performance in the areas of management controls, operational controls, and technical controls.

### Our Commitments:

- Review and re-certify annually 100 percent of SSA sensitive system plans
- Test SSA’s Contingency Plan annually
- Test SSA’s Incident Response Procedures annually

***Presidential Decision Directives ( PDD) 63 and 67:***

These Presidential Decision Directives address the new physical and cyber threats to our national infrastructure. While physical threats have always existed, the rapid growth and massive interconnectivity of the Internet around the world, linked with our growing dependency on E-Systems, have led to a vastly increased cyber threat. These new initiatives directly address information systems security.

PDD-63 calls for a national level effort to assure the security of increasingly vulnerable and interconnected infrastructures of the United States, and provides for a protection plan for national assets from both physical and cyber attack. SSA has convened a workgroup under the direction of our Executive Internal Control (EIC) Committee. With the assistance of an expert team from the Critical Infrastructure Assurance Office, and with the support of high-level SSA executives, the workgroup defined the Agency's most critical assets and their relationship to other critical functions of government and private industry. We have begun vulnerability analyses of these most critical assets.

PDD-67 directs all executive agencies to have a viable continuity of operations plan to enable the agency to continue essential functions during an emergency. SSA's PDD-67 plan has been revised to reflect current Agency priorities, and further actions are planned to permit automated updating and access of information. Since the best security programs are based on each employee accepting responsibility for security within his/her functional area, we have instituted an awareness and training program for all SSA employees. We have many on-going initiatives and new projects including:

- The Systems Security Handbook that is available to all employees on our Intranet;
- Our Intranet that has a variety of information for users of SSA systems including virus alerts and descriptions, listings of security officers and contacts, and links to other security web sites;
- Production of security videos;
- Security training for all new employees and new supervisors;
- Risk/management training for all SSA systems managers and security personnel;
- Hosting and participating in security and anti-fraud conferences;
- Producing desk-to-desk security alerts;
- Certification training for SSA security professionals;
- Participation as a Computer Security Institute (CSI) Training site; and
- Use of SSA's TV Channel 55 to promote security awareness.

We hired a contractor with expertise in information systems security to benchmark the strength of our security program relative to other organizations. The contractor provided technical expertise, techniques and procedures that helped us quantify the effectiveness of our security program across a wide range of relative measurements.

In 2000, we established the Division of Systems Security and Program Integrity within our Office of Operations to enhance their security and integrity network and provide a clear focal point to address security issues. Our Office of Operations also established Centers for Security and Integrity within each region and the Office of Central Operations (OCO) to provide the proper level of focus on security and integrity issues nationwide.

#### **4. Major Management Challenge: Play an Active Research, Evaluation and Policy Development Role**

To meet this Major Management Challenge, we have:

- Developed new models and data bases;
- Completed many analyses and evaluations;

- Put substantial effort into designing return-to-work demonstrations; and
- Established two research consortia.

We have developed several projection models to analyze the effects of reform proposals. We have made strides in producing additional data on the Disability Insurance program and have published a new chart book and annual statistical compendium. Data collection has begun on the National Survey of SSI Children and Families, and a pilot study has been completed for the National Study of Health and Activity. With our support and that of the Census Bureau, the Internal Revenue Service has approved the continued linkage of SSA program data with Census surveys, which is critical to all of our policy analyses. Initial results are available from two new efforts - a set of barometer measures to help SSA shape its programs and a satisfaction survey to help improve the Agency's research and analysis. Recent studies include a projection of the economic status of baby boomers at retirement, analyses of the effects of changing the retirement age, an estimate of the administrative costs of individual accounts, and an estimate of the number of people eligible for Medicare buy-in programs. We also completed a series of policy reports on the disability programs, evaluations of the effects of welfare reform, a plan to evaluate the Ticket-to-Work program, and a test of ways to increase enrollment in Medicare buy-in programs. To support our efforts, we have put in place two Retirement Research Centers and a Disability Research Institute that are greatly expanding our research and evaluation capabilities.

### Related Goals:

- Identification, development and utilization of barometer measures for assessing the effectiveness of OASI, DI and SSI programs
- Preparation of analyses and reports on demographic, economic, and international trends and their effects on OASDI programs
- Preparation of research and policy analyses necessary to assist the Administration and Congress in developing proposals to reform and modernize the OASDI programs.
- Preparation of a report and completion of data collection on the National Survey of SSI Children and Families.
- Preparation of analyses of alternative return-to-work strategies.
- Percent of users assigning a high rating to the quality of SSA's research and analysis products, i.e. , accuracy, reliability, comprehensiveness, and responsiveness. *See Part V, page 60-61 and Part VI, pages 102-106 for the above indicators.*

In the future, we will:

- Refine and expand our models by benchmarking their output against other projections, seeking reviews from outside experts, and adding new features;
- Expand the data available for the disability programs, complete both SSA surveys, and make more program data publicly available for research;
- Use the satisfaction survey and barometer measures to improve our products and shape our programs;
- Analyze the effects of additional Social Security reform proposals; and
- Design, implement and evaluate new return-to-work strategies, including a youth employment strategy, the Ticket-to-Work program, and an early intervention demonstration.

### **5. Major Management Challenge: Improve SSA's Disability Determination Process and Return People to Work**

See the Means and Strategies section for our Key Strategic Objective: Improve the Accuracy, timeliness, and efficiency of service to individuals applying for DI and SSI disability benefits in Part V, pages 36-38.

Our strategies to help disabled people return to work address the President's SSA specific Priority Management Issue to implement the Ticket-to-Work Program. See the Means and Strategies section on page 42 for our Key Strategic Objective: By 2007, increase by 100 percent from 1999 levels, the number of SSDI and SSI disability beneficiaries who achieve steady employment and no longer receive cash benefits.

**Related Goals:**

- DDS denial performance accuracy rate
- DDS allowance performance accuracy rate
- Initial disability claims average processing time (days)
- OHA decisional accuracy rate
- Hearings average processing time (days)
- Number of hearings cases processed per workyear
- Percent increase in the number of DI adult worker beneficiaries entering an extended period of eligibility
- Percent increase in the number of SSI disabled beneficiaries earning at least \$700 per month, whose payments are eliminated because of work (1619 (b) status)
- Activities to implement provisions of the Ticket-to-Work and Self-Sufficiency Program and other employment strategies. *See Part VI, pages 81-82.*

**6. Major Management Challenge: Improper Payments and Sustaining Management and Oversight of Long-standing, High-risk SSI Issues**

***Improper Payments for the Social Security Old-Age, Survivors and Disability (OASDI) programs:***

SSA issues benefit payments for the OASDI programs, and for the SSI Aged and Disability program. For over ten years, we have maintained a very high level of accuracy in our OASDI payment outlays. In FY 2000, our OASDI outlays were 99.9 percent free of overpayments and 99.9 percent free of underpayments. SSA is committed to maintaining this high level of accuracy and working on reducing the payment errors. The major causes of OASDI errors are relationship/dependence issues and workers' compensation offset. We have improved employee training and written procedures to reduce these errors. We also reviewed all our workers' compensation cases to detect and correct any errors. Improvements to our data systems have also helped us maintain this very high level of OASDI payment accuracy.

**Related Goal:**

Percent of OASDI payment outlays "free" of over payments (O/Ps) and underpayments (U/Ps), (based on non- medical factors of eligibility). *See Part V, page 43 - 44.*

Following are a number of activities that will help us to further reduce OASDI errors.

- Our Title II Redesign initiative will automate claims and postentitlement ( PE) processing of actions that previously required manual error-prone intervention. Release 2.1 will improve workers' compensation PE computations, thereby improving accuracy.
- Our initiative to improve service to the limited English speaking public will minimize the impact of the language barrier and enable SSA to get better information to make correct program decisions. We place bilingual staff in locations where they can serve the greatest number of individuals in their preferred language. We distribute interpreter funds where necessary.
- Our "Information Exchange" efforts support data matching activities that have proven highly effective in preventing overpayments and underpayments. We continue to pursue "SSA Access to State Records Online" on a State-by-State basis, which includes electronic access to vital statistic information that is needed to process OASDI claims.



- Our “Policy Net” system supports policy development, dissemination and clarification to employees that helps them to accurately adjudicate claims and PE actions.

### ***Improper Payments for the SSI program and Sustaining Management and Oversight of Long-standing, High risk SSI Issues:***

The SSI program provides Federal benefits to approximately 6.4 million needy beneficiaries who are aged, blind or disabled. Like other means-tested programs that must respond to changing circumstances of individuals’ lives, the SSI program presents us with many challenges. The proper administration of the SSI program continues to be one of our highest priorities.

Based on an October 1998 management report to improve SSI payment accuracy, we implemented a number of initiatives.

### ***Computer Matches:***

Our new computer matches are with the Office of Child Support Enforcement (OCSE) for wage and unemployment compensation data, and with the Centers for Medicare and Medicaid Services (CMS) for nursing home admission data. Both are considerably more complete and timely than the matches they replaced.

- Resulting from the OCSE match, from FY 1997 to FY 2000, we quadrupled the number of potential wage errors we detected, from about 100,000 to about 400,000. We expect this matching operation, and the real time access to OCSE data discussed below, will save us \$110 million in FY 2002.
- Resulting from the CMS match, from FY 1997 to FY 2000, we increased the number of nursing home admissions we detected per year from 2,700 to 66,000. We estimate that this matching operation will result in savings of \$20 million by FY 2002.

We continue our highly successful matches with correctional facilities, resulting in thousands of SSI suspensions of prisoners who are ineligible while incarcerated. With the support of Federal, State and local entities, we have established reporting agreements that cover over 5,500 facilities, including local correctional facilities, the Federal Bureau of Prisons, and all State prisons. These agreements cover 99 percent of the inmate population in the United States and have resulted in hundreds of millions of dollars in program savings over the last few years.

### **Related Goal:**

SSI overpayment and underpayment accuracy rate based on non-medical factors of eligibility. *See Part V, pages 45 – 47.*

### ***Real Time Access:***

In addition to computer matches, we continue to pursue real time access to external databases. With real time access, authorized employees in SSA field offices are able to discover unreported income or resources before a person is paid benefits. By resolving discrepancies during the initial interview, we save administrative and investigative costs and improve service. After payments are started, this access enables us to detect changes in income and resources earlier than we can with computer matches, and therefore, increases our ability to prevent and detect payment errors. We are expanding access to state databases to give us information about wages, unemployment compensation, motor vehicle ownership, Temporary Assistance to Needy Families, and vital statistics. Our authorized employees now have real time access to selected records in 68 agencies in 40 states. We estimate that real time access to state databases will result in a \$5 million dollar reduction in overpayments by FY 2002.

In January 2001, all authorized field office employees were given real time access to the OCSE databases. We check their databases for wages, unemployment compensation, and “new hire” data in the following circumstances:

- Before awarding SSI benefits;
- Before releasing a large SSI underpayment; and
- When a review indicates the person probably has income he/she has not disclosed.

**Related Goals:**

- Percent of States with which SSA has electronic access to human services and unemployment information. *See Part VI, page 70.*
- Percent of States with which SSA has electronic access to vital statistics and other material information. *See Part VI, page 70.*

Section 213 of the Foster Care Independence Act of 1999, Public Law 106-169, amended the Social Security Act by granting the Commissioner new authority with respect to verifying financial accounts of SSI applicants and beneficiaries. OMB is reviewing the proposed regulations that will allow us to query financial institutions electronically to determine if applicants/beneficiaries, and other individuals (whose income and resources we consider available to the applicant/beneficiary) have financial resources that would make the applicant/beneficiary ineligible for benefits. The law permits SSA to require each SSI applicant/beneficiary to give us permission to obtain the financial information, and allows us to deny or suspend SSI eligibility if the person refuses to give permission or cancels permission. Electronic verification will provide a more efficient way of identifying financial account information, enabling us to reduce the number of incorrect SSI payments caused by unreported financial accounts.

***Redeterminations:***

To detect incorrect payments and resolve underpayments and overpayments, we regularly review cases to ensure that the non-disability factors of eligibility continue to be met, and that payments are in the correct amount. This SSI redetermination process is one of the most powerful tools we have for improving the accuracy of SSI payments. The redetermination selection process, also known as profiling, is based on the likelihood that we will find errors in a case.

Since 1997, we have increased the detection of overpayments in redeterminations from about \$300 million in FY 1997 to over \$950 million in FY 2000. We achieved this by improving the redetermination profiling system and by increasing the volume of error-prone redeterminations we completed. In FY 2000, we more than doubled the number of these error-prone redeterminations when compared to 1997- - 579,000, up from 245,000. The total number of redeterminations processed in FY 2000 was over 2 million.

In FY 2002, we will test a new redetermination mailer form that could lead to significant improvements in the way we profile and select redeterminations.

***Improving Eligibility Determination Skills:***

We implemented new procedures and a series of employee training initiatives for six primary areas of concern to SSI accuracy: wages, unearned income, living arrangements and residence, in-kind support and maintenance, financial accounts, and other resource issues.

***Fugitive Felons:***

In a joint effort, SSA and the IG are actively pursuing agreements to facilitate electronic matching of warrant information from Federal, state, and local law enforcement agencies. We currently have matches in place with the Federal Bureau of Investigation (FBI), the FBI’s National Crime Information Center

(NCIC), the U. S. Marshals Service, and several state agencies and metropolitan police departments. The NCIC is a major national repository for information on felons. NCIC records include *some* felony reports from all states, and *100 percent of warrants* from 12 states and the District of Columbia. For States that do not report 100 percent of their felony warrants to NCIC, SSA is negotiating separate agreements to obtain warrant information. To date, SSA has agreements with 22 states and 5 large metropolitan law enforcement jurisdictions.

### ***Debt Collection:***

We have developed two new debt collection performance indicators “Outstanding OASDI debt not in a collection arrangement (excluding due process)” and “Outstanding SSI debt not in a collection arrangement (excluding due process)” (see Part VI, page 92). They will measure the percentage of debt that is not being pursued. These indicators will help us control and recover debt that is non-productive. We are exploring the feasibility of tracking debt from its detection through recovery. If we can do this, we will develop an additional indicator to reflect this data. We are implementing the new debt collection tools authorized under the Foster Care and Independence Act of 1999 and other legislation, and ensuring that the needed systems support is there. We have fully developed the tools Cross-Program Recovery, Administrative Offset and Credit Bureau Reporting; they will be implemented after final regulations are published. Administrative Wage Garnishment and Federal Salary Offset are under development. Development of the remaining tools, Interest Charging and the Use of Collection Agencies, will begin when the others are complete.

## **7. Major Management Challenge: Fraud Risk**

As our payments to beneficiaries approach half a trillion dollars annually, our exposure to fraud increases proportionately. Our programs are vulnerable to individuals who try to secure funds illegally.

SSA has a strong program to combat fraud, waste and abuse. As part of this agency-wide program, we continue to identify new projects in areas where more work is needed. While prevention is always our primary focus, our major areas of emphasis are:

- Fraud prevention and detection;
- Referrals and investigations;
- Enforcement; and
- Management information and control.

### **Related Goals:**

- Number of investigations conducted ( i.e. , closed)
- OASDI dollar amounts reported from investigative activities
- SSI dollar amounts reported from investigative activities
- Number of judicial actions. *See Part VI, pages 93-94 for the indicators above.*

SSN Misuse and Identity Theft, although types of fraud, are covered under another specific Major Management Challenge. *See page 114.*

## **8. Major Management Challenge: Integrity of the Earnings Reporting Process**

While we have made many improvements to the SSA earnings process that have contributed to improvements in accuracy and timely posting of wages to individuals’ records, we continue to be concerned about the volume of wages that cannot be posted to individuals’ records because employers submit wage reports with names/numbers that do not match SSA records. We tightened the criteria for

providing employers feedback on Name/SSN errors submitted to the Agency on the Annual Form W2. Whereas before, we only provided feedback to employers who submitted wage reports electronically and when there were 10 or more errors, we now contact all employers, regardless of the reporting medium and the number of errors. We also improved the quality of the feedback by giving more complete and specific information on errors, as opposed to examples of types of errors to avoid. These strategies should reduce the size of the Earnings Suspense File where unmatched wage reports are stored. Our continued efforts will also help us improve earnings accuracy, and subsequently OASDI payment accuracy.

We are aggressively working with specific States, industries, and employers that continue to submit annual wage reports with erroneous data. Our actions include aggressive outreach and training with employers and earnings service organizations. We are also collaborating with IRS to modify the name presentation on the W-2 and W-4 forms (Employee Withholding Allowance Certificate) to better ensure correct reporting of last names. We are also working diligently with employers to increase electronic reporting which is less error prone.

**Related Goal:**

- Percent of employee reports (W2s) filed electronically. *See Part V, page 50.*

Notwithstanding the above, we expect suspense file accretions will continue, particularly in certain geographic areas and industries. This may be attributed to a tighter labor market, causing an increase in transient workers employed in certain industries.

**9. Major Management Challenge: SSN Misuse and Privacy Concerns**

The use of the Social Security number (SSN) as a personal identifier in this country has given rise to SSN fraud and related identity theft. Maintaining the integrity of the enumeration process has always been a top priority for SSA. Historically, we have tried to anticipate susceptibility to fraud and implement procedural changes and systems enhancements to eliminate fraud opportunities. Although we consider our enumeration processes to be fraud-resistant, we continually re-evaluate their effectiveness. We will continue to pursue new strategies to prevent SSN fraud and related identity theft.

**Related Goal:**

Percent of SSNs issued accurately. *See Part VI, page 85.*

SSA has identified three basic types of fraud related to the SSN:

- Someone illegally obtains a number or uses someone else's number illegally;
- Someone establishes an entirely new identity using fraudulent documents; and
- Someone assumes another person's identity (identity theft) .

As part of our efforts to prevent fraud and identity theft, we are working to end our dependence on documents that can easily be counterfeited or misused by the dishonest in an attempt to acquire an SSN. We currently have a number of processes in place that help us do that.

- The Enumeration-at-Birth (EAB) Program. We assign SSNs and issue SSN cards to approximately 4 million newborns annually as part of the state birth registration process.
- Online verification with the Immigration and Naturalization Service (INS) of documents presented by non-citizens applying for SSNs
- Ongoing training of all SSA field office employees on how to examine and identify fraudulent documents presented as evidence for an SSN

- An automated system that keeps a record of SSN applications that were submitted with suspect or fraudulent documents- - this prevents an individual from “shopping around ” at SSA offices
- A requirement that an indicator be added to our records whenever we learn an individual obtained an SSN using fraudulent documents
- Interruption of the card issuance process in certain fraud-prone transactions, e.g., our records show that the age of either of the child’s parents is improbable or the parent was deceased at the time of birth

Other anti-fraud processes we currently use are:

- Limiting the assignment of SSNs for “non-work purposes” by restricting the definition of “non-work purpose.” This decreases the potential of individuals misusing work-restricted SSNs to work. Effective March 1, 2002, a driver’s license is no longer a valid “non-work purpose” for issuing an SSN.
- Protecting the privacy of individuals by using personal identifying information for Social Security purposes only. We do not give, sell or transfer any personal information to a third party.
- Verifying SSNs for States and employers to prevent invalid SSNs from being used.
- Training employees to provide advice to the public on how to prevent identity theft and to provide information to victims seeking to resolve their problems.
- Entering into partnerships with other agencies, such as the Federal Trade Commission and others, to fight identity crimes.
- Using the Comprehensive Integrity Review Process (CIRP) to detect, identify and deter potential employee and client fraud.

Current initiatives aimed at detecting fraudulent documents include:

- Verifying with State Bureaus of Vital Statistics the birth certificates presented in SSA field offices for all original SSN applicants over the age of one
- Lowering the age at which we require face-to-face interviews for applicants for original SSN cards from age 18 or older to age 12 or older; and eliminating the provision allowing a waiver of proof of identity for children under age 7. Both of these activities require a change in regulations. We are in the process of drafting a Notice for Proposed Rule Making, which we hope to circulate by May.
- Working with the Department of State and INS on a range of data-sharing initiatives including Enumeration-at-Entry, systems enhancements to verify non-immigrant data online, access to the State Department’s electronic records, including online verification of refugee data.

### **10. Major Management Challenge: Integrity of the Representative Payee Process**

Representative payees, both organizations and individuals, receive and manage payments on behalf of our most vulnerable beneficiaries. Our IG, through its audit process, has identified weaknesses in the selection, monitoring, and accountability of our representative payees. Because it is not possible to measure the universe of representative payee misuse, we cannot define quantifiable measures. However, we are implementing many activities that will help us reach the desired outcomes of better payee selections, monitoring methodologies and payee accountability.

- We are conducting triennial site reviews. These reviews will be ongoing for payees who have been authorized to charge a fee for their services (fee-for-service payees), all volume payees serving 100 or more beneficiaries, and all individual payees serving 20 or more beneficiaries.
- We visit fee-for-service payees 6 months after their initial appointment to ensure that they fully understand their duties and responsibilities, and are on the right track with record keeping and reporting.

- Effective June 2000, we began securing annual proof of current licensing and/or bonding for fee-for-service payees and verifying that they serve at least 5 beneficiaries.
- Beginning in FY 2001, we began conducting 30 percent random sample compliance reviews of volume payees and fee-for-service payees not included in the triennial cycle.
- We conduct “quick response” reviews of payees in response to “trigger” events such as third party reports of misuse, complaints from vendors of failure to receive payment, etc.
- In addition, we contracted for an evaluation of the monitoring program so that we can make improvements as needed.

We are also exploring different ways to strengthen the fee-for-service representative payee investigation process. Our current initiatives include:

- A contract to research the feasibility of conducting criminal and/or credit background checks for the corporate officers and fiduciaries in potential fee-for-service payees; and
- We are exploring a contract to investigate the financial solidity of prospective and existing fee-for-service payee organizations.

Results and recommendations from the above contracts will be used to develop a more secure investigation process for all fee-for-service organizational payees.

To provide education and support to current organizational payees and recruit future payees, we:

- Published and distributed a Guide for Organizational Representative Payees, and a handbook for organizations and agencies that serve as payees.
- Published a pamphlet for beneficiaries/recipients who have payees explaining their rights and responsibilities, along with what they can expect from their payees.
- Published and distributed to all SSA field offices (FOs) a toolkit for training organizational representative payees. This toolkit includes a training video, a lesson plan, handouts, and a training CD. The kit will be used by our field offices to train new and existing organizational representative payees. Copies are also available for organizations that wish to train. The materials are also available for download from our Representative Payment website at [www.ssa.gov/payee](http://www.ssa.gov/payee). Interested organizations, advocates, and potential payees may request copies of the material at no charge.
- Published and distributed to all SSA FOs a toolkit to recruit organizational representative payees. This toolkit includes a recruitment video, talking points, a training CD and a Fact Sheet for potential payees.
- In addition, we contracted for an evaluation of the monitoring program so that we can make improvements as needed.

We have been working on several improvements to the Representative Payee System ( RPS) that help us appoint sound payees and subsequently monitor them. We are working to correct deficiencies in the design and execution of the RPS. The outcome will be a more reliable and useful tool that will help FO employees make better payee selections in less time.

In 2001, we implemented a match to identify those serving as representative payees who themselves receive benefits through a representative payee. The Regions are currently evaluating these cases and identifying any potential fraud associated with the matches.

## **11. Major Management Challenge: Performance, Management and Data Reliability**

We are fully committed to the proper implementation of the Government Performance and Results Act

(GPRA) and to the continued improvement of our GPRA mandated reports. The OIG has stated that we “demonstrate a strong commitment to effective GPRA implementation, and that we continue to improve our APP from year to year.”

We agree with the OIG that using outcome based and service oriented performance measures is very important. We continue to refine our performance measures to more accurately reflect our performance. For all our Major Management Challenges, this APP addresses our approach to resolving them, including tracking measurable performance goals, outcomes, outputs and/or milestones as appropriate.

We recently introduced a revamped SSA Tracking Report on September 24, 2001. This report is used by Agency executives to manage key workloads at the national level and is now available to all employees online. The revised report tracks 90 separate performance indicators and provides links to supplemental information such as data sources and definitions, as well as to Intranet sites with related information. The report includes a “traffic light” feature that indicates whether performance varies significantly from the goals we have set; and the report is updated on a flow basis, as opposed to the previous monthly update.

Increasingly, we include more information showing how resources are allocated to our strategic objectives and budgeted output measures, including the definition, data source, and historical information for each one. That information, combined with our Justification of Budget Estimates, meets the intent of prior OIG recommendations and GPRA.

