IG STATEMENT ON SSA'S MAJOR MANAGEMENT AND PERFORMANCE CHALLENGES

OIG — Office of the Inspector General

SOCIAL SECURITY ADMINISTRATION

November 9, 2018

Nancy A. Berryhill
Acting Commissioner

Dear Ms. Berryhill:

The *Reports Consolidation Act of 2000* (Pub. L. 106-531) requires that Inspectors General summarize and assess the most serious management and performance challenges facing Federal agencies and the agencies' progress in addressing them. This review is enclosed. The *Reports Consolidation Act* also requires that the Social Security Administration (SSA) place the final version of this Statement in its annual *Agency Financial Report*.

MANAGEMENT AND PERFORMANCE CHALLENGES

As we planned our audit work for Fiscal Year 2018, we identified the following seven management and performance challenges.

- Improve Administration of the Disability Programs
- Reduce Improper Payments and Increase Overpayment Recoveries
- Improve Customer Service
- Modernize Information Technology Infrastructure
- Secure Information Systems and Protect Sensitive Data
- Strengthen the Integrity and Protection of the Social Security Number
- Strengthen Planning, Transparency, and Accountability

We further discuss the management and performance challenges in the attached document. In the description of each challenge, we define the challenge, outline steps the Agency has taken to address it, and detail actions SSA still needs to take to fully mitigate the issue. We used multiple sources to determine the status of each of the identified challenges. For example, we used statistics SSA reported and Office of the Inspector General audits of SSA's operations. We also used the *Fiscal Year 2018 Report of Independent Certified Public Accounts*, which contained the results of SSA's financial statement audit. The report concluded that SSA had three significant deficiencies in internal controls over financial reporting.

The Office of Audit will continue focusing on these issues in Fiscal Year 2019 and assessing SSA's operations and the environment in which SSA operates to ensure our reviews focus on the most salient issues facing the Agency.

I look forward to working with you to continue improving the Agency's ability to address these challenges and meet its mission efficiently and effectively.

Sincerely,

Gale Stallworth Stone
Acting Inspector General

Enclosure

Fiscal Year 2018
Inspector General Statement
on the
Social Security Administration's
Major Management and Performance Challenges

November 2018

CHALLENGE

> **The Agency still faces challenges with pending disability hearings and appeals. Continued focus is necessary to simplify work incentive regulations and create new opportunities for returning beneficiaries to work.**

Field and regional offices, hearing offices, and the Appeals Council as well as State disability determination services (DDS) process the Social Security Administration's (SSA) disability workloads.

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 has 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 about 565,000 as of the end of FY 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.

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 at the end of FY 2018, see Figure 1.

**Figure 1: Pending Hearings, FYs 2010-2018**
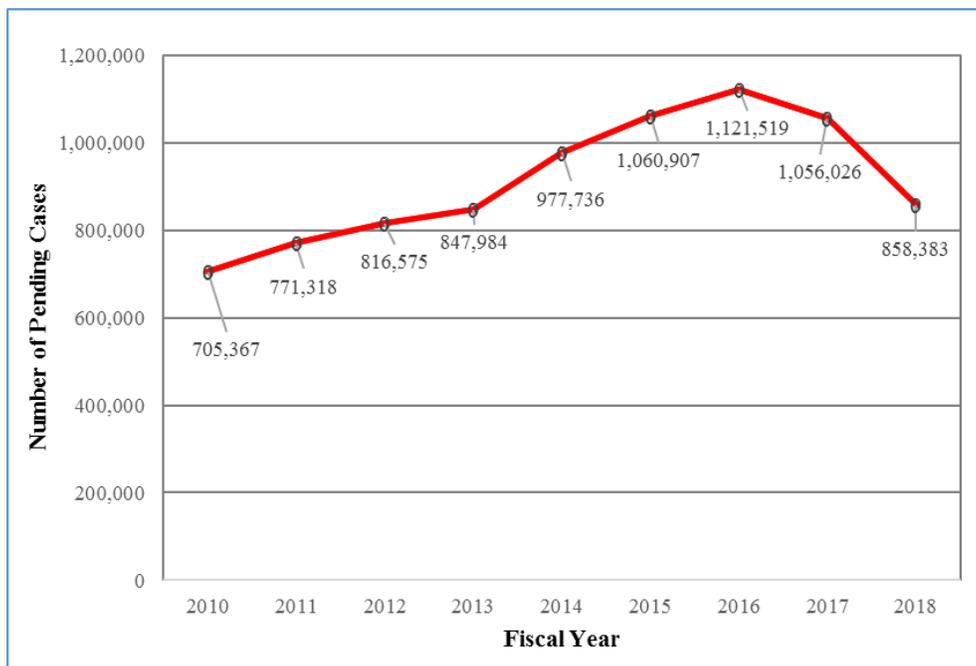
RETURN TO WORK

The *Ticket to Work and Work Incentives Improvement Act of 1999* (Pub. L. No. 106-170) established the Ticket to Work and Self-Sufficiency Program (Ticket Program) to assist disabled beneficiaries in returning to work. Under the Ticket Program, SSA provides disabled beneficiaries a Ticket they can present to qualified organizations to obtain vocational rehabilitation or employment services.

Since the Ticket Program's inception in 2000, SSA has incurred costs over $2.8 billion to manage and evaluate the Program. These costs included a reduction in savings due to deferring CDRs for program participants. The Agency estimated that, as of Calendar Year 2016, it had realized $5.9 billion in savings from benefits it no longer paid Ticket Program participants who returned to work under the Program. Based on these data, we determined it cost SSA about $2,300, while benefits forgone was about $5,000, for each of the almost 1.2 million beneficiaries it served.

Although SSA reported significant savings for the Ticket Program, few Ticket-eligible beneficiaries used their Tickets for vocational or employment services. Specifically, less than 3 percent of Ticket-eligible beneficiaries assigned their Tickets or placed them in-use in FY 2018. While the number of initial Ticket assignments was low when the Ticket Program first began, it steadily increased until it peaked in 2012. The percent of individuals who assigned their Tickets decreased in recent years (see Figure 2).

Figure 2: Percent of Ticket-eligible Beneficiaries with Tickets Assigned or In-use
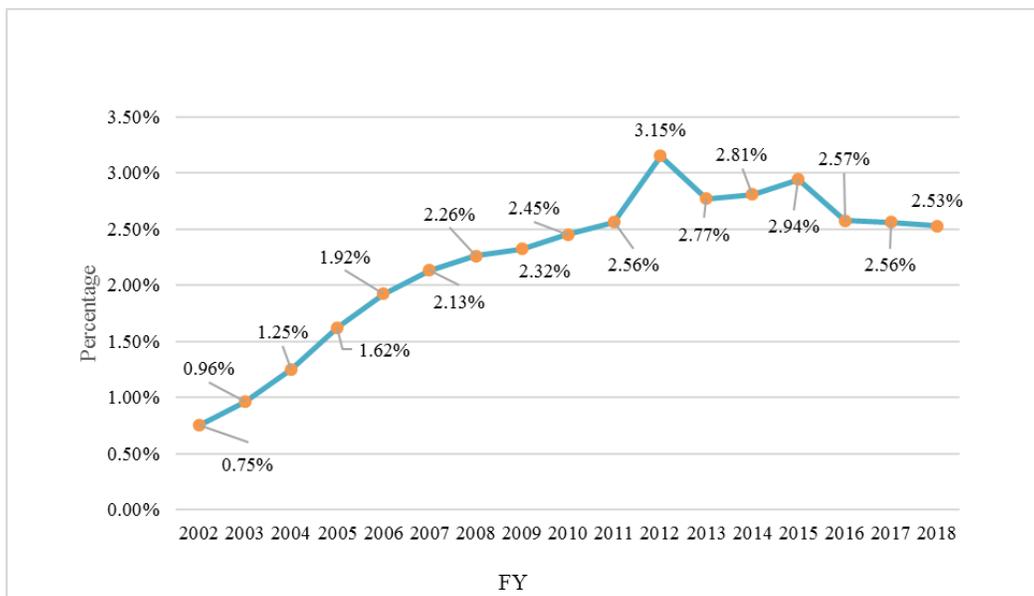
Source: SSA's Office of Research, Demonstration, and Employment Support

Additionally, a July 2013 Mathematica report found that the Ticket Program had a limited, but positive, effect on the employment of disabled individuals and motivated some beneficiaries to pursue employment. Moreover, although relatively few beneficiaries enrolled in SSA-funded employment support programs through the Ticket Program, those who used such employment services had better employment outcomes and were more likely to leave benefits than those who did not. Additionally, it reported that, although there was evidence the Ticket Program targeted individuals who were interested in returning to work, rigorous analyses 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.

AGENCY ACTIONS

COOPERATIVE DISABILITY INVESTIGATIONS

The Cooperative Disability Investigations (CDI) program continues to be one of the Agency's most successful joint initiatives by combining the efforts of the Office of the Inspector General (OIG), SSA, DDSs, and State or local law enforcement personnel. As of September 30, 2018, the CDI program had 43 units covering 37 States; Washington, D.C.; and the Commonwealth of Puerto Rico. The units work to obtain sufficient evidence to identify and resolve questions of fraud and abuse related to disability claims. From inception in FY 1998 through FY 2018, the CDI program's efforts nationwide have resulted in about $4 billion in projected savings to SSA's Old-Age, Survivors and Disability Insurance (OASDI) and Supplemental Security Income (SSI) programs and about $3 billion to non-SSA programs. In FY 2018, the CDI program's efforts nationwide resulted in $188.5 million in projected savings to SSA's OASDI and SSI disability programs and $219.4 million to non-SSA programs. In addition, in FY 2018, the CDI program's efforts led to 62 judicial actions, which include criminal convictions, pre-trial diversions, civil settlements, and civil monetary penalties.

RETURN TO WORK

SSA reported it informs beneficiaries about its work incentive programs by mailing them paper tickets and eligibility notices and brochures when they begin receiving benefits. It also mails similar notices to beneficiaries after they have been receiving benefits for a year and after the 3-year anniversary of the date they began receiving benefits. SSA expects these mailings to increase program awareness and increase participation.

HEARINGS AND APPEALS

In January 2016, SSA issued the *Compassionate And REsponsive Service* (CARES) plan to provide a framework of drivers and initiatives designed to address the growing number of pending hearings and increased wait times. According to the CARES plan, SSA planned to reach an average processing time of 270 days for hearings by the end of FY 2020. The CARES plan also included a goal to process requests for Appeals Council review in an average of 180 days.

In September 2017, the Office of Hearings Operations released the 2017 updated CARES and Anomaly Plan, which built on the initiatives discussed in the 2016 Plan, incorporated lessons learned, and introduced new initiatives. The 2017 CARES Plan reported that the Office of Hearings Operations expected to eliminate the hearings backlog by the end of FY 2022. It incorporated $90 million in dedicated 2-year funding provided in SSA's 2017 appropriation to address the disability hearings backlog. SSA dedicated $70 million of the anomaly funding to increase decisional capacity by hiring more administrative law judges (ALJ) and support staff and $20 million to information technology (IT). As part of its IT modernization plan, SSA began developing the Hearings and Appeals Case Processing System, which will eventually replace SSA's Case Processing and Management System. The first two releases of the new system occurred in June and September of 2018.

Also, in 2017, the Office of Appellate Operations created a software program called INSIGHT and began piloting the software at the Appeals Council. The INSIGHT software was designed to identify potential anomalies in hearing decisions. In FY 2018, the software was initially released to decision writers in five hearing offices and released to all hearing offices' decision writers by August 2018. We expect to issue a report on INSIGHT in FY 2019.

As part of its CARES plan, SSA hired 264 ALJs in FY 2016 and 132 ALJs in FY 2017 to increase the Agency's adjudicatory capacity. SSA did not hire new ALJs in FY 2018. Per SSA, its workload projections indicated that it could hire ALJs in FY 2019 and efficiently achieve a 270-day processing time by the end of FY 2021. As such, it revised the Office of Hearings Operations hiring plan, placing ALJ hiring in FY 2019. In addition, it continued focusing on decision quality through monitoring of potential anomalies in ALJ workload performance, and expansion of hearing office workload quality measures, such as the agreement rate associated with the percent of ALJ cases remanded or reversed in subsequent appeals.

WHAT THE AGENCY NEEDS TO DO

Implement and monitor the CARES initiatives designed to improve timeliness and reduce the hearings backlog.

Focus resources on capacity issues to better balance processing times and workloads in hearing offices.

Continue hiring initiatives and implementing effective IT improvements.

Continue simplifying work incentive regulations and creating new opportunities for returning beneficiaries to work.

KEY RELATED PERFORMANCE MEASURES

Some of the key performance measures from SSA's revised FY 2018 *Annual Performance Plan* related to this challenge are listed below.

- Improve customer service in the hearings process by prioritizing those individuals who have waited the longest for a hearing decision.
- Increase the number of persons with disabilities receiving employment support services who achieve the consequential earnings threshold of the trial work level.
- Improve the disability determination process by increasing the percentage of medical evidence received electronically.
- Ensure the quality of disability decisions by achieving the State DDS' net accuracy rate for initial disability decisions.
- Hearings receipts.
- Hearings completed.
- Hearings pending.
- Annual average processing time for hearings decision.
- Hearings production per workyear

KEY RELATED LINKS

Mathematica Report – *Executive Summary of the Seventh Ticket to Work Evaluation Report*, July 2013

OIG Report – *The Social Security Administration's Efforts to Eliminate the Hearings Backlog* (A-12-15-15005), September 2015

OIG Report – *Hearing Office Average Processing Times* (A-05-15-50083), September 2015

OIG Report – *Characteristics of Claimants in the Social Security Administration's Pending Hearings Backlog* (A-05-16-50207), September 2016

OIG Report – *Compassionate and Responsive Service Plan to Reduce Pending Hearings* (A-05-16-50167), September 2016

OIG Report – *The Ticket to Work Program* (A-02-17-50203), September 2016

OIG Report – *Pre-effectuation Reviews of Favorable Hearing Decisions* (A-12-15-50015), February 2017

OIG Report – *Oversight of Administrative Law Judge Decisional Quality (A-12-16-50106), March 2017*

OIG Report – *Reasons for Hearing-related Delays (A-05-17-50268), June 2017*

OIG Report – *Factors Related to Decreased Administrative Law Judge Productivity (A-12-18-50289), September 2017*

OIG Report – *Workload Review of the Office of Hearings Operations' Atlanta and New York Regions (A-12-18-50285), May 2018*

GAO Report – *Social Security Disability Better Timeliness Metrics Needed to Assess Transfers of Appeals Work (GAO-18-501), July 2018*

OIG Report – *The Social Security Administration's Programs and Projects that Assist Beneficiaries in Returning to Work (A-04-18-50600), November 2018*

OIG Report - *SSA's Use of Insight Software to Identify Potential Anomalies with Hearing Decisions (A-12-18-50353), planned issued date – Fall 2018*

SSA OIG Website - Reports related to addressing the management challenge on improving administration of the disability programs

REDUCE IMPROPER PAYMENTS AND INCREASE OVERPAYMENT RECOVERIES

CHALLENGE

> **SSA is responsible for issuing over $1 trillion in benefit payments, annually, to about 70 million people. Given the large overall dollar amounts involved in SSA's payments, even the slightest error in the overall process can result in millions of dollars in over- or underpayments.**

SSA is one of several Federal agencies that have a high amount of improper payments. In its FY 2018 *Agency Financial Report*, SSA estimated it would make about $10.9 billion in improper payments in FY 2017, and incur an administrative cost of $0.07 for every overpayment dollar it collected. SSA also needs to adhere to the requirements of the *Improper Payments Information Act of 2002* (Pub. L. No. 107-300), as amended by the *Improper Payments Elimination and Recovery Act of 2010* (Pub. L. No. 111-204) and the *Improper Payments Elimination and Recovery Improvement Act of 2012* (Pub. L. No. 112-248).

IMPROPER PAYMENT RATES

Workers, employers, and taxpayers who fund SSA's programs deserve to have their tax dollars effectively managed. As a result, SSA must be a responsible steward of the funds entrusted to its care and minimize the risk of making improper payments. SSA strives to balance its service commitments to the public with its stewardship responsibilities. However, given the size and complexity of the programs the Agency administers, some payment errors will occur.

According to SSA, in FY 2017 (the most recent year for which data are available),

- the OASDI overpayment error was $5.9 billion, 0.64 percent of program outlays, and the underpayment error was $294 million, 0.03 percent of program outlays; and

- the SSI overpayment error was $4.1 billion, 7.29 percent of program outlays, and the underpayment error was $636 million, 1.13 percent of program outlays.

For FYs 2017 through 2018, SSA's goal was to maintain OASDI payment accuracy at 99.8 percent for both over- and underpayments. In these same years, SSA's goal was to achieve a 98.8-percent SSI underpayment accuracy rate and a 94-percent SSI overpayment accuracy rate.

SSA has not met its payment accuracy goals—as shown in Table 1. For example, the Agency's goal for SSI payment accuracy was 95 percent in FYs 2013 through 2016 and 94 percent in FY 2017. But, SSA fell short of these goals in each of the years. Similarly, SSA has not met its OASDI payment accuracy targets but came close to doing so in multiple years.

Table 1: Rates and Targets for Proper Payments FYs 2013 Through 2017

FY	2013		2014		2015		2016		2017	
Program	SSI	OASDI	SSI	OASDI	SSI	OASDI	SSI	OASDI	SSI	OASDI
Rate	92.43	99.78	93.05	99.47	93.94	99.64	92.38	99.79	92.71	99.36
Target	95.00	99.80	95.00	99.80	95.00	99.80	95.00	99.80	94.00	99.80
Met	No	No	No	No	No	No	No	No	No	No

COMPLIANCE WITH IMPROPER PAYMENT LEGISLATIVE REQUIREMENTS

In November 2002, the *Improper Payments Information Act of* 2002 was enacted; it was later amended by the *Improper Payments Elimination and Recovery Act of 2010* and *Improper Payments Elimination and Recovery Improvement Act of 2012* to refine steps agencies should take to address improper payments. As a result, all agencies with high-risk programs—those with significant improper payments—were required to intensify their efforts to eliminate payment errors. The Office of Management and Budget has designated SSA's programs as high-risk.

In our May 2018 report, *The Social Security Administration's Compliance with the Improper Payments Elimination and Recovery Improvement Act of 2012 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 (shown in Table 1). We also noted that

> . . . for financial accounts and wage reporting, actual SSI deficiency dollars did not significantly improve despite the implementation of Access to Financial Institutions . . . and SSI Telephone Wage Reporting/SSI Mobile Wage Reporting, respectively. SSA could not provide data that measured the success of these implemented corrective actions because of significant data challenges. While SSA had improved [Access to Financial Institutions] since it was implemented in FY 2011, the Agency had not developed new corrective actions to address financial accounts.

> SSA is several years from determining whether proposed corrective actions will help reduce improper payments in wage reporting deficiencies, as it has not fully implemented recent corrective actions. . . . We recommend SSA develop new initiatives to address improper payments. SSA agreed with our recommendation.

OVERPAYMENT RECOVERIES

Once SSA determines an individual has been overpaid, it attempts to recover the overpayment. According to SSA, in FY 2018, it recovered about $4 billion in overpayments at an administrative cost of $0.07 for every dollar collected and ended the FY with a $24 billion uncollected overpayment balance (see Figure 3).

**Figure 3: Overpayments Recovered - FY 2018**
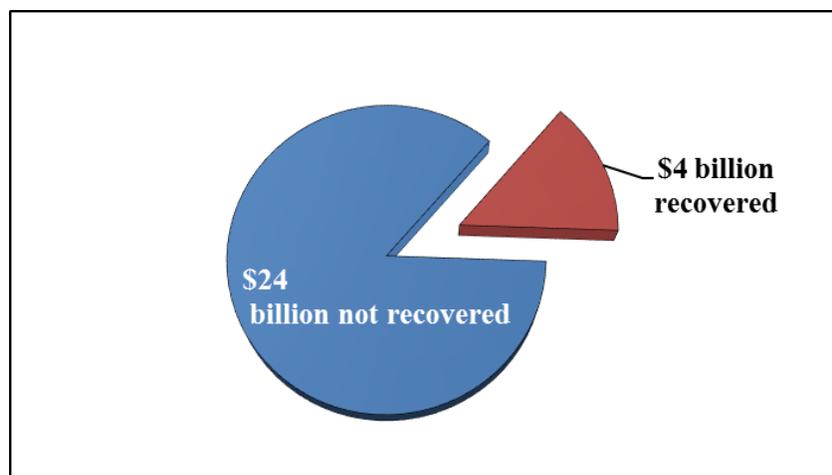
Agency Actions

Improper Payment Causes

One of the major causes of improper payments in the OASDI program is beneficiaries' failure to timely report earnings or SSA not timely withholding monthly benefit payments from beneficiaries who are engaging in substantial gainful activity. Similarly, a major cause of improper payments in the SSI program is recipients' failure to accurately and timely report financial accounts or wages. As we noted in our May 2018 report, SSA's overpayment deficiency dollars related to financial accounts decreased from nearly $1.4 billion in FY 2008; however, the deficiency dollars remained above $1 billion in FYs 2015 and 2016 (see Figure 4).

Figure 4: Financial Account Overpayment Deficiency Dollars
(FYs 2007 Through 2016)
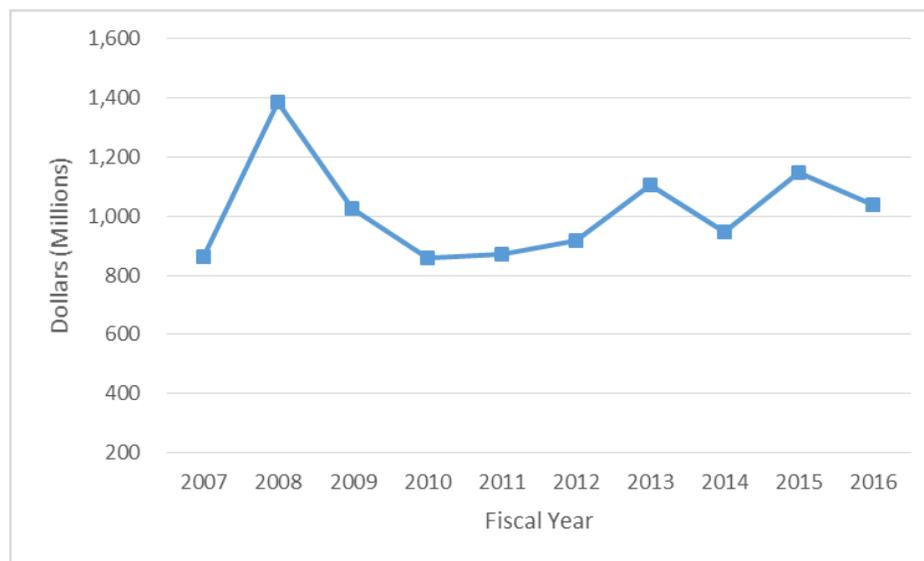
The *Bipartisan Budget Act of 2015* (Pub. L. No. 114-74) gave SSA a new tool to obtain wage data sooner. A provision in this new law allows SSA to enter into information exchanges with payroll data providers to obtain wage data (without the need for independent verification) to efficiently administer OASDI and SSI benefits and prevent improper payments. It also allows the Agency to require that individuals provide authorization to obtain payroll data. SSA continues taking steps to implement the legislation.

Debt Collection Tools

SSA uses such methods as benefit withholding and billing with follow up to collect debt related to overpayments. In addition, SSA uses external collection techniques authorized by the *Debt Collection Improvement Act of 1996* (Pub. L. No. 104-134) for OASDI debts and the *Foster Care Independence Act of 1999* (Pub. L. No. 106-169) for SSI debts. These debt-collection tools include the Treasury Offset Program, credit bureau reporting, administrative wage garnishment, and Federal salary offset. According to SSA, in the future, it will ". . . analyze the implementation of the remaining debt collection tools authorized by the *Debt Collection Improvement Act of 1996*. These tools include charging administrative fees, penalties, and interest, or indexing of debt to reflect its current value." Also, according to SSA, it is working on a multi-year initiative to build a new comprehensive overpayment system that will enable it to record, track, collect, and report overpayments more efficiently.

CDRs and Redeterminations

The CDR is a tool for reducing improper payments. Through completed CDRs, SSA periodically verifies individuals are still disabled and eligible for disability payments. SSA estimated that CDRs conducted in FY 2018 would yield net Federal program savings over the next 10 years of roughly $8 on average per $1 budgeted for dedicated program integrity funding, including OASDI, SSI, Medicare, and Medicaid effects.

According to SSA, another important program integrity tool is SSI non-medical redeterminations, which are periodic reviews of such non-medical eligibility factors as income and resources. SSA estimated that non-medical redeterminations conducted in FY 2018 would yield a return on investment of about $3 on average of net Federal program savings over 10 years per $1 budgeted for dedicated program integrity funding, including SSI and Medicaid program effects. However, budgetary constraints determine the number of redeterminations that SSA conducts each year.

WHAT THE AGENCY NEEDS TO DO

Identify and prevent improper payments through automation and data analytics. 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.

Develop new initiatives to address improper payments.

Key Related Performance Measures

Some of the key performance measures from SSA's revised FY 2018 *Annual Performance Plan* related to this challenge are listed below.

- Improve the integrity of the SSI program by focusing efforts on reducing overpayments.
- Maintain a high payment accuracy rate by reducing overpayments in the OASDI program.
- Initiate the data-exchange process with new partners or expand existing data exchanges to improve operational efficiency and reduce improper payments.
- Periodic CDRs completed.
- Full medical CDRs.
- SSI non-medical redeterminations completed.

Key Related Links

Federal Payment Accuracy Website – Payment Accuracy – An Official Website of the United States Government

Office of Management and Budget Circular No. A-123, Memorandum M-18-20, Appendix C, *Requirements for Payment Integrity Improvement*, June 26, 2018

OIG Report – *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* (A-15-18-50566), May 2018

SSA OIG Website - Reports related to reducing improper payments and increasing overpayment recoveries

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IMPROVE CUSTOMER SERVICE

CHALLENGE

> **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.**

SSA'S GROWING WORKLOADS

SSA's robust workload is ever growing. In FY 2018, SSA paid about $978 billion in OASDI benefits to a monthly average of approximately 62 million beneficiaries and over $47 billion in SSI payments to a monthly average of about 8.2 million recipients. 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 period, the Agency also completed approximately

- 1.5 million appeals for claimants who disagreed with its decision,

- 284.3 million earnings items posted to workers' records,

- 16.5 million new and replacement Social Security number (SSN) cards,

- 2.9 million SSI redeterminations and almost 897,000 full medical CDRs, and

- 100 million post-entitlement actions.

The Agency administers its programs and services through its field offices, National 800-Number, and processing centers. In FY 2018, field offices served about 43 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. Recent OIG audits found the following.

- SSA faced challenges in improving its level of services and needed to continue being proactive in managing field office wait times. In addition to the high volume of visitors, factors that affect field office wait times include complex workloads, staffing issues, and shortened operating hours.

- Pending workload items at certain processing centers more than tripled from approximately 1.1 million at the beginning of FY 2013 to about 3.5 million by the end of FY 2016 because of growth in new receipts and staffing issues. Work receipts increased 18 percent from about 16 million in FY 2013 to over 19 million in FY 2016.

LOSS OF EXPERIENCED EMPLOYEES AND INSTITUTIONAL EXPERTISE

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. See Figure 5 for the number of supervisors and non-supervisors eligible for retirement as of FY 2017 and in the next 5 years.

Figure 5: Retirement Eligibility
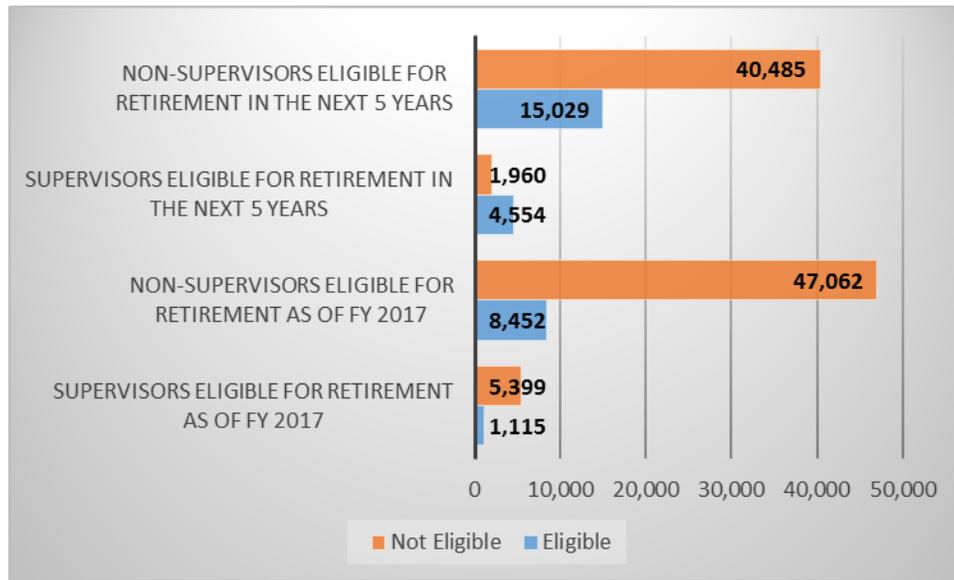
SSA also reported that, in FY 2018, about 40 percent of its senior executives and 30 percent of GS-15 employees were eligible to retire. Within 5 years, these figures will increase to almost 60 percent of senior executives and 45 percent of GS-15 employees. In addition to retirement concerns, the Agency is witnessing a rise in resignations and transfers across the workforce, including amongst supervisors. For example, resignations increased from 19 percent in 2014 to 26 percent in 2018. Transfers increased from 8 to 11 percent during the same timeframe.

Succession planning is so critical to the Agency's future that it was identified in *SSA's Vision 2025*, *2018-2022 Agency Strategic Plan*, and the *2018 Human Capital Operating Plan*. By planning for, and taking measures to close, the gaps faced over the coming years, the Agency will be in a better position to navigate through a challenging labor market.

SERVICE DELIVERY

SSA relies on an expanded suite of automated and online options for its customers to conduct business with the Agency. In FY 2018, SSA customers conducted over 163 million transactions using the Agency's Website. The number of completed transactions has increased over time (see Figure 6).

Figure 6: Growth of Online Transactions (in millions)

SSA's FY 2018 AGENCY FINANCIAL REPORT
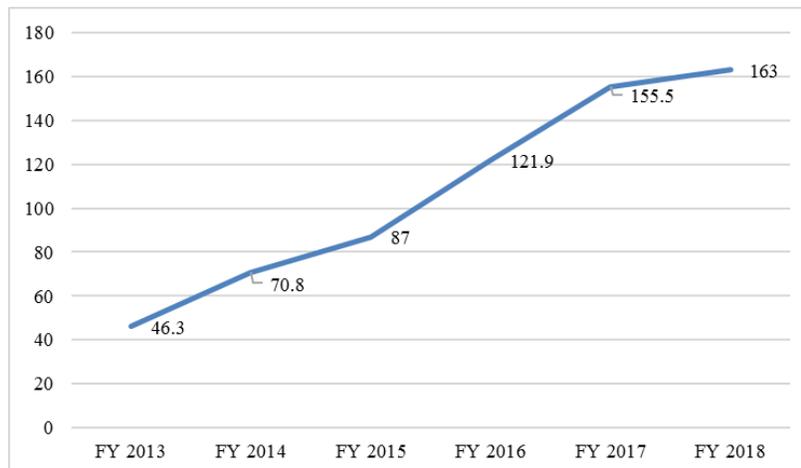
SSA's biennial survey of future customers shows an increasing preference for conducting business online or by telephone. The Agency reports that it expects more people to take advantage of the convenience of online services as service options and functionality are expanded.

OVERSIGHT OF THE REPRESENTATIVE PAYMENT PROGRAM

Individuals considered the Agency's most vulnerable beneficiaries—including the young, aged, and disabled— depend on representative payees to receive and manage their Social Security benefits. In January 2018, SSA issued its 2017 *Annual Report on the Results of Periodic Representative Payee Site Reviews and Other Reviews* and stated there were about 5.8 million representative payees managing $70 billion in annual benefits for 8.1 million beneficiaries.

In January 2018, the Social Security Advisory Board reported the number of beneficiaries with representative payees had grown over the past 30 years—from 4.7 million in 1984 to 8.4 million in 2016. The Board also reported that SSA estimates the demand for representative payees will continue to increase with the aging population. For example, the number of retired beneficiaries who have representative payees is projected to increase nearly 48 percent from 2013 to 2025 based entirely on the population aging. Furthermore, many adult children with disabilities have parents named as their representative payee. As the parents age, they may be unable to continue functioning effectively as a representative payee.

We continue to identify challenges with SSA's administration of the Representative Payment Program. Some of our most recent audits have found SSA needs to improve controls to ensure it

- identifies aged representative payees who are incapable of, or no longer, managing beneficiary funds and
- takes appropriate actions for beneficiaries whose payments it withheld pending the selection of a representative payee.

Additionally, we found the Agency's implementation of its criminal bar policy had not identified and barred convicted felons from serving as individual representative payees. Further, our investigations have identified various problems with representative payees. For example, we found representative payees

- fraudulently received and spent benefits for a deceased beneficiary for over 3 years, while continuing to file Representative Payee Accounting Reports;
- misused a disabled beneficiary's funds while outside the country without the beneficiary; and
- failed to report a recipient's incarceration to SSA and used the recipient's payments for personal expenses over a 3-year period.

AGENCY ACTIONS

SSA continues taking an array of actions intended to implement its mission of delivering quality services that meet the changing needs of the public. The Agency has taken steps to manage its growing workload and loss of experienced employees. In addition, it is expanding its online services and continuing to manage its Representative Payment Program.

MANAGING GROWING WORKLOADS

SSA's processing centers handle actions that arise after the Agency determines benefit eligibility and support field offices and hearing offices. In January 2016, the number of actions pending in the processing centers hit an all-time high.

In FY 2017, the Agency reduced the processing center backlog by 1.4 million, which is an improvement from the high of more than 5 million in January 2016. In FY 2018, SSA reduced the backlog by another 500,000 actions. The Agency focused on tactical workload strategies by screening cases that could be completed quickly and controlling the volume and age of its workloads. Additionally, the Agency increased hiring and overtime in the

processing centers and planned for future automation, workflow enhancements, and quality initiatives to improve processing center performance. These efforts will continue into FY 2019.

LEADERSHIP DEVELOPMENT AND SUCCESSION PLANNING

SSA reports that, without sound succession management, it faces a leadership crisis and significant drain in its institutional knowledge and expertise. The Agency recognizes it is imperative to identify, develop, and prepare leaders to carry out critical functions. To meet this need, the Agency plans to implement the following initiatives.

- Execute Senior Executive Service talent management and succession planning.
- Create a leadership succession strategy for the general workforce.
- Expand talent-management resources.
- Conduct supervisory training and assessments.
- Increase workforce development.
- Align leadership development programs with Agency succession planning.

SERVICE DELIVERY

SSA expresses its commitment to providing effective and efficient service to all individuals who visit its offices, call its National 800-Number, or access online services. The Agency has set forth proposals intended to improve service delivery at the customer's first point of contact with the Agency and increase the timeliness of claims and post-entitlement actions. The Agency plans to

- expand the use of self-help personal computers in SSA field offices to allow for about 100,000 more transactions in FY 2019 than in FY 2017;
- offer the use of the *Internet Social Security Number Replacement Card* application nationwide for individuals to request a replacement SSN card;
- work with external partners to increase video service access and participation;
- expand video services in field, hearing, and State DDS offices;
- expand services within *my* Social Security to additional user groups, including representative payees, appointed representatives, and business users; and
- expand "click-to-chat" on *my* Social Security.

REPRESENTATIVE PAYMENT PROGRAM

SSA reports beneficiaries who need a representative payee are of particular concern because of their vulnerability. While SSA continues identifying representative payees that misuse funds, it reported the majority of payees was properly using beneficiaries' funds. In its January 2018 report to Congress, SSA stated it found misuse in approximately 1.3 percent of the representative payees reviewed. The Agency conducted 2,021 reviews and found that 27 representative payees misused beneficiaries' funds. As a result of the reviews, the Agency removed 114 representative payees and either appointed a new representative payee or determined beneficiaries were capable of managing their own benefits.

New legislation will assist SSA in its oversight of the Representative Payment Program. The *Strengthening Protections for Social Security Beneficiaries Act of 2018* (Pub. L. No. 115-165) was passed in April 2018. This law

- requires that SSA make annual grants to State Protection and Advocacy groups to complete representative payee reviews;

- expands the required periodic onsite reviews to include individuals (including family members) and organizational payees based on the risk of potential misuse or unsuitability;

- exempts custodial parents of minor children and disabled individuals, as well as spouses, from annual payee accountings;

- requires that SSA enter into data exchange agreements with State foster care agencies to identify whether a beneficiary is in foster care;

- directs SSA to study how to improve data sharing with State Adult Protective Services to determine the need for and provide oversight of payees;

- holds State representative payees for minors in foster care responsible for repaying overpayments incurred while the State acted as payee;

- directs SSA to enter into an agreement with the Administrative Conference of the United States to conduct a study on opportunities for, and barriers to, information sharing with State courts;

- allows beneficiaries to designate their preferred payee in advance;

- requires SSA to assess the appropriateness of the order-of-preference list it uses to select payees;

- requires SSA policies that ban individuals with certain criminal convictions from serving as payees and allows SSA to disqualify current or prospective payees who do not consent to a background check; and

- requires current SSA policies to prohibit individuals who have payees from serving as a payee.

WHAT THE AGENCY NEEDS TO DO

Continue developing and implementing strategies that will provide quality services to the public now and in the future while overcoming challenges related to growing workloads, loss of institutional knowledge, and an increase in online transactions.

Implement the changes brought forth in the *Strengthening Protections for Social Security Beneficiaries Act of 2018*.

KEY RELATED PERFORMANCE MEASURES

Some of the key performance measures from SSA's revised FY 2018 *Annual Performance Plan* related to this challenge are listed below.

- Increase the number of successfully completed online transactions.

- Increase customer satisfaction with SSA's online services.

- Improve customer service in the hearings process by prioritizing those individuals who have waited the longest for a hearing decision.

- Improve customer service by reducing the number of cases pending at the processing centers.

- Ensure readiness of career senior executives for positions that align with Agency succession needs.

KEY RELATED LINKS

SSA Strategic Plan - *SSA's Agency Strategic Plan Fiscal Years 2018-2022*

SSA Annual Performance Plan - *SSA's Annual Performance Plan for Fiscal Year 2019, Revised Performance Plan for Fiscal Year 2018, Annual Performance Report for FY 2017*

SSA Annual Report - *SSA's Annual Report on the Results of Periodic Representative Payee Site Reviews and Other Reviews, FY 2017*

SSA Budget Overviews - FY 2018 Budget Overview and FY 2019 Budget Overview

Social Security Advisory Board - *Improving Social Security's Representative Payee Program, January 2018*

OIG Report - *Payments to Aged Representative Payees* (A-09-17-50246), June 2018

OIG Report - *Beneficiaries in Suspended Payment Status Pending the Selection of a Representative Payee* (A-09-17-50202), June 2018

OIG Report - *Increases in Program Service Center Workloads* (A-05-17-50254), April 2018

OIG Report - *Customer Wait Times in the Social Security Administration's Field Offices* (A-04-18-50260), February 2018

OIG Report - *Representative Payee Criminal Bar Policy* (A-13-18-50154), August 2018

SSA OIG Website - Reports related to customer service

MODERNIZE INFORMATION TECHNOLOGY INFRASTRUCTURE

CHALLENGE

> **SSA must modernize its IT to accomplish its mission despite budget and resource constraints.**

Few Federal agencies touch as many people as SSA; and IT plays a critical role in SSA's day-to-day operations. However, SSA's aging IT infrastructure is increasingly difficult and expensive to maintain. The Agency continues relying on outdated applications and technologies to process its core workloads (for example, retirement and disability claims). Many of SSA's legacy applications were programmed with Common Business Oriented Language. SSA maintains more than 60 million lines of Common Business Oriented Language along with millions more lines of other legacy programming languages. According to the Agency, these legacy systems are not sustainable.

In FY 2018, SSA spent $1.9 billion on IT. SSA reports that budget constraints have forced it to use much of its IT funding to operate and maintain existing systems. To ensure SSA can keep pace with increasing workloads, it must maintain its legacy systems while developing their modern replacements.

Cloud technology can improve systems availability and performance at a lower cost. Many organizations have realized benefits by extending their technology offerings with a mix of public and on-premise cloud offerings that are tuned to meet customer, technology, and service demands. In line with this cloud strategy, SSA developed the Agency Cloud Initiative to supplement its legacy infrastructure using cloud technologies and automation. The Agency Cloud Initiative creates an infrastructure that enables SSA's overall IT modernization plans.

DEVELOPMENT AND IMPLEMENTATION OF ELECTRONIC SERVICES

SSA launched *my* Social Security in 2012 and, through September 2018, over 38.8 million customers had created accounts. According to SSA, in FY 2018, customers completed over 163 million transactions using the Agency's Website. Further, SSA indicated that more than half of all Social Security retirement and disability applications were filed online. Still, the Agency saw about 43 million visitors in its field offices and handled about 32 million calls to its National 800-Number.

To reduce unnecessary field office visits by the public, SSA continues enhancing its online services to provide the public a secure, convenient self-service option. To support its increasing workloads, SSA has developed and implemented about 30 electronic services for the public, businesses, and other government agencies.

One of the Agency's priorities is to improve customer service and convenience by increasing online transactions. To achieve that goal, SSA continues enhancing its *my* Social Security online portal. For example, 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. In addition, the Agency will improve the portal's design to allow broader access from a variety of devices, such as smartphones and tablets. In September 2016, we recommended that SSA improve its access controls for *my* Social Security. The Agency is working to enhance the portal's security and online fraud detection capabilities.

IMPLEMENTATION OF MAJOR IT PROJECTS

SSA faces challenges in executing and implementing major IT projects and delivering expected functions on-schedule and within budget.

DISABILITY CASE PROCESSING SYSTEM

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 is developing the Disability Case Processing System (DCPS). Once implemented, all DDSs will use DCPS. Historically, the project has faced schedule delays and increasing stakeholder concerns.

In response to a request from the Chairman of the House Subcommittee on Social Security, Committee on Ways and Means, in FY 2018, we completed three reviews of the DCPS project. In the first, we evaluated the market research and analysis a contractor conducted for SSA on DCPS. We concluded that a number of factors—including Federal procurement requirements, the date by which SSA told the contractor it needed a new solution, and the short timeframe the Agency gave the contractor to conduct its analysis—limited the contractor's analysis of options for SSA's DCPS.

In the second review, we reported that SSA expected DCPS development would continue beyond October 2018. In addition, the Agency had not determined when it would resume deploying DCPS to additional DDSs. As of February 2018, SSA estimated its DCPS costs through FY 2022 would be about $140 million. However, given the uncertainty of when SSA will finish developing DCPS and rolling it out to all DDSs, we could not determine whether the Agency's cost estimate was reasonable.

In the most recent review, we gathered feedback from the State DDS administrators and their employees who had used DCPS. We concluded that, overall, users were satisfied with DCPS; however, they indicated they would like more functionality. In December 2017, the 10 participating DDSs completed 797 cases in DCPS (about 2 percent of their monthly workload). In May 2018, they had completed 1,543 cases (about 4 percent of their monthly workload).

AGENCY CLOUD INITIATIVE

The Agency Cloud Initiative is a cross-component project within the Office of Systems that will provide on-premise and public cloud infrastructures, platforms, and applications/services to meet the Agency's service delivery and business operations requirements. SSA's traditional infrastructure was augmented with on-premise cloud services, which it hosted in its two national co-processing data centers, and public cloud services for availability, flexibility, and cost-efficiency. The strategic deployment and management of this broad initiative enables SSA to leverage the cloud-computing model as an IT services broker.

SSA positioned its Enterprise Data Warehouse and DCPS in its public cloud. Also, SSA attempted to add pieces of the *my* Social Security Message Center to the cloud in July 2018 but was unsuccessful because of unforeseen technical barriers. After resolving these barriers, SSA plans to re-add pieces of the Message Center to the cloud in early 2019.

IT INVESTMENT PROCESS

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 these projects.

AGENCY ACTIONS

IT MODERNIZATION PLAN

For several years, SSA has worked incrementally to modernize its IT infrastructure. However, the Agency's Chief Information Officer has acknowledged the Agency must undertake a larger, multi-year effort.

In FY 2016, SSA began reorganizing its data into a modern architecture and developing a framework to allow real-time updates (in contrast to legacy systems that batch transactions). According to SSA, it is also moving to

modernize its software engineering tools and skills. However, SSA needs a sustained, long-term investment to make the changes needed to develop a fully modern IT infrastructure capable of supporting the Agency's vast and complex operations.

In October 2017, SSA published and began implementing its IT Modernization Plan. In FY 2018, SSA focused on improving the high-priority capabilities in its core business systems. According to the Agency, it made improvements to its enumeration, wages, and SSI systems, which enabled it to retire legacy code and achieve faster processing and improved accuracy.

DEVELOPMENT AND IMPLEMENTATION OF ELECTRONIC SERVICES

SSA continued to expand the availability of its online application process for replacement Social Security number cards to other states in FY 2018, with the total number of states at 32, plus the District of Columbia. The Agency also added online capabilities for claimants to file a request for review of a hearing decision. In addition, SSA introduced the option for *my* Social Security users to receive help from an employee via live chat.

IMPLEMENTATION OF MAJOR IT PROJECTS

DCPS

The Agency developed a risk management plan to reduce the effects of uncertainties on DCPS' success. Also, it recognized its inability to convince DDS users of the value and advantage of DCPS may negatively affect DDS adoption rates. To address this, SSA reported it continues working with the user community to develop and demonstrate working software.

Per SSA, at the end of FY 2018, 12 participating DDSs had used DCPS to process over 22,600 disability claims. In July 2018, SSA estimated DCPS costs—from the reset in FY 2015 through FY 2022—will total about $177 million. SSA resumed implementing DCPS at additional DDSs in September 2018.

CLOUD TECHNOLOGY

As SSA implements cloud technology, it expects to receive further flexibility to allocate systems resources to meet changing demands. In 2017, SSA completed the implementation of an on-premises cloud proof of concept. Further, the Agency has since reported it completed the design for an Agency hybrid cloud. This platform will allow applications to use resources in public clouds and the on-premise SSA cloud simultaneously. In FY 2019, the Agency plans to build and implement the hybrid cloud services.

IT INVESTMENT PROCESS

SSA developed a new IT Investment Process that it expects will improve how it manages and invests in IT. The IT Investment Process will focus on up-front project planning with outcomes tied to specific Agency goals. An enterprise-wide executive IT investment board will meet throughout the year to make funding decisions on projects that provide the greatest benefit to the Agency. As a result, SSA believes it will be better able to deliver the right project on time and within budget.

SSA has established policy and procedures for post-implementation review and has been performing post-implementation reviews for selected projects. During the post-implementation review, actual costs, benefits, schedule, and identified risks are compared to the original project estimates to assess the IT investment's performance and identify areas for improvement.

WHAT THE AGENCY NEEDS TO DO

Prioritize and adequately fund IT modernization activities.

Ensure its IT planning and investment control processes are effective.

KEY RELATED PERFORMANCE MEASURES

Some of the key performance measures from SSA's revised FY 2018 *Annual Performance Plan* related to this challenge are listed below.

- Increase the number of successfully completed online transactions.
- Increase customer satisfaction with online services.
- Modernize databases, replacing and retiring outdated technology and design.
- Modernize customer communications infrastructure.

KEY RELATED LINKS

OIG Report - *The Social Security Administration's Management of Information Technology Projects (A-14-07-17099), July 2007*

OIG Report - *Congressional Response Report: The Social Security Administration's Analysis of Alternatives for the Disability Case Processing System (A-14-16-50078), May 2016*

OIG Report - *Access to the Social Security Administration's my Social Security Online Services (Limited Distribution) (A-14-15-15010), September 2016*

OIG Report - *Congressional Response Report: Contractor's Market Research and Analysis for the Disability Case Processing System (A-14-18-50506), February 2018*

OIG Report - *Congressional Response Report: Progress in Developing the Disability Case Processing System as of February 2018 (A-14-17-50291), March 2018*

OIG Report - *Congressional Response Report: Use of the Disability Case Processing System as of May 2018 (A-14-18-50631), July 2018*

SSA OIG Website - Reports related to modernizing IT infrastructure

SECURE INFORMATION SYSTEMS AND PROTECT SENSITIVE DATA

CHALLENGE

> **SSA must ensure its information systems are secure and sensitive data are protected.**

Federal information systems—and the information they hold—are increasingly becoming targets of cyber-attacks. 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, the Agency's information systems may be at particular risk of attack. Given the highly sensitive nature of the personal information in its systems, it is imperative that SSA have a robust information security program.

SSA continues expanding its online services to improve customer service. The Agency 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.

INFORMATION SECURITY PROGRAM

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, created 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.

In our most recent report for the *Federal Information Security Modernization Act of 2014* (FISMA) (Pub. L. No. 113-283), Grant Thornton LLP determined that SSA had established an Agency-wide information security program. However, Grant Thornton identified a number of deficiencies that may limit the Agency's ability to protect the confidentiality, integrity, and availability of SSA's information systems and data. The deficiencies identified in each FISMA reporting metric domain—risk management, configuration management, identity and access management, data protection and privacy, security training, information security continuous monitoring, incident response, and contingency planning—are consistent with those cited in our prior FISMA reports.

SECURING ONLINE SERVICES

As part of the Administration's *Cybersecurity National Action Plan*, agencies must take steps to safeguard personal data in online transactions between citizens and the Government, including adopting and using effective identity proofing and strong multi-factor authentication methods. 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 online portal. For example, SSA plans to provide direct access to certain information and notices through its online services.

In September 2018, SSA released security enhancements to iClaim. 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.

SECURING CLOUD COMPUTING SERVICES

Cloud computing is a general term for delivering hosted technology services over the Internet. It is SSA's policy that no sensitive, personally identifiable information or Federal tax information is stored in, transmitted to, or processed in external cloud environments without authorization from the Agency's Chief Information Security and Chief Information Officers. Cloud-based systems must comply with FISMA, the Federal Risk and Authorization Management Program, and any additional requirements in SSA's Information Security Policy.

In 2014, we evaluated SSA's cloud-computing technologies. We conducted the review early in SSA's cloud-adoption process and encouraged SSA to consult with the Office of Management and Budget on Federal requirements for cloud use. We are 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.

AGENCY ACTIONS

SSA acknowledges it must be mindful of potential cyber-threats and remain committed to protecting privacy and security. One of the Agency's goals is to ensure its IT services are reliable, secure, and efficient. As part of that effort, SSA plans to strengthen its information security program.

INFORMATION SECURITY PROGRAM

SSA's Office of Information Security has developed its Cybersecurity Strategic and Cybersecurity Tactical plans that include many strategies and initiatives to address IT and cyber-security challenges within each functional area of the National Institute of Standards and Technology's Cybersecurity Framework for the next 3 to 4 years. SSA started some of these initiatives, including projects to address privileged user access issues, monitoring mainframe vulnerabilities, and network segmentation. However, SSA has yet to start some important projects that would further strengthen its security program.

SECURING ONLINE SERVICES

In September 2016, we recommended SSA strengthen controls over access to *my* Social Security to ensure citizens' sensitive information is adequately protected. In June 2017, the Agency implemented multi-factor authentication; however, it could improve these controls. In addition, over the last several years, SSA has increased its ability to detect potentially fraudulent benefit claims received online. In September 2018, SSA introduced new controls for iClaim that it expects will help prevent fraud.

WHAT THE AGENCY NEEDS TO DO

Address the deficiencies identified by the independent auditor that, when aggregated, are considered to be a significant deficiency in SSA's information security program.

Ensure the electronic services the Agency provides are secure.

KEY RELATED PERFORMANCE MEASURES

The key performance measure from SSA's revised FY 2018 *Annual Performance Plan* related to this challenge is listed below.

- Maintain an effective cybersecurity program.

KEY RELATED LINKS

OIG Report – *Congressional Response Report: The Security of Systems that Provide Access to Personally Identifiable Information* (Limited Distribution) (A-14-16-50173), August 2016

OIG Report - *Access to the Social Security Administration's my Social Security Online Services* (Limited Distribution) (A-14-15-15010), September 2016

OIG Report - *The Social Security Administration's Information Security Program and Practices for Fiscal Year 2018* (Limited Distribution) (A-14-18-50505), October 2018

OIG Report - *Security of the Social Security Administration's Public Web Applications* (Limited Distribution) (A-14-17-50152), April 2017

SSA OIG Website - Reports related to securing information systems

Strengthen the Integrity and Protection of the Social Security Number

Challenge

> **Protecting the SSN and properly posting the wages reported under SSNs are critical to ensuring eligible individuals receive the full benefits they are due.**

In FY 2018, SSA had issued about 16.5 million original and replacement SSN cards (see Figure 7). In addition, in FY 2018, the Agency processed about 284.3 million wage items. Protecting the SSN and properly posting the wages reported under SSNs are critical to ensuring SSN integrity and that eligible individuals receive the full benefits due them.

Figure 7: Original and Replacement SSN Cards Issued
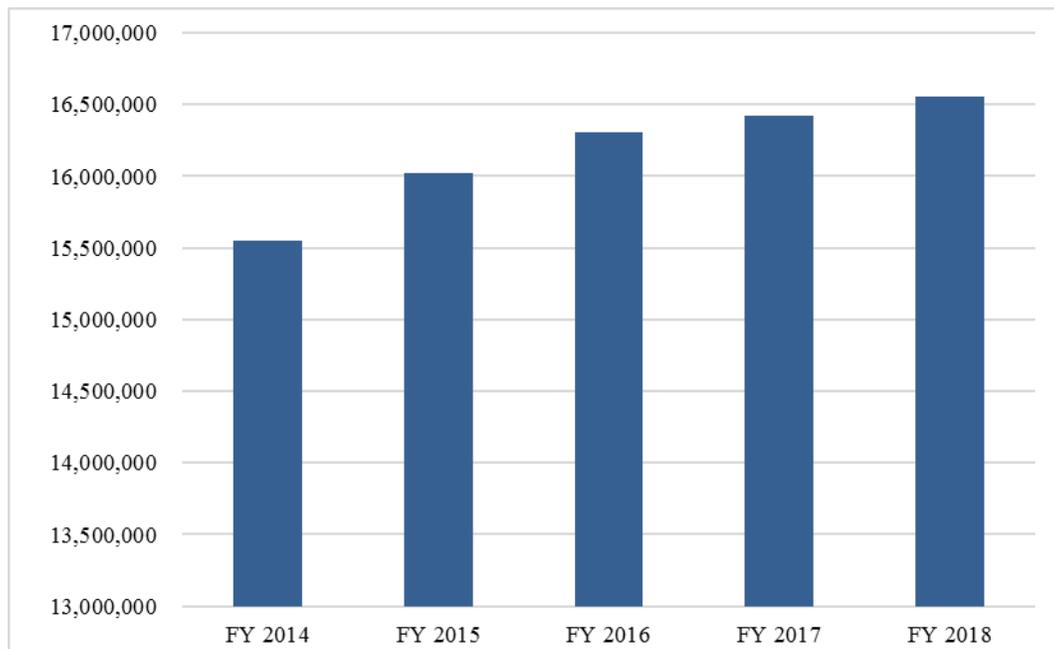
SSN Use

The SSN is relied on as an identifier in U.S. society and is valuable as an illegal commodity. Additionally, the SSN is critical in accurately recording workers' earnings on which future benefit payments are based. As such, properly assigning SSNs only to those individuals authorized to obtain them, protecting SSN information once the Agency assigns the numbers, and accurately posting the earnings reported under SSNs are critical SSA missions.

SSN Misuse

Given the preponderance of SSN misuse and identity theft in U.S. society, 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. For example, some

government and non-government organizations unnecessarily collect and use SSNs as a primary identifier. Yet, 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. We are also concerned that some individuals misuse SSNs for identity theft purposes.

EARNINGS

SSA's programs depend on earnings information to determine whether an individual is eligible for benefits and calculate the amount of benefit payments. 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 $1.6 trillion in wages and about 367 million wage items for Tax Years 1938 through 2017. As shown in Figure 8, in Tax Year 2017 alone, SSA posted about 7.7 million wage items, representing $94.8 billion in wages, to the ESF.

Figure 8: ESF Suspended Wage Items (1938 to 2017)
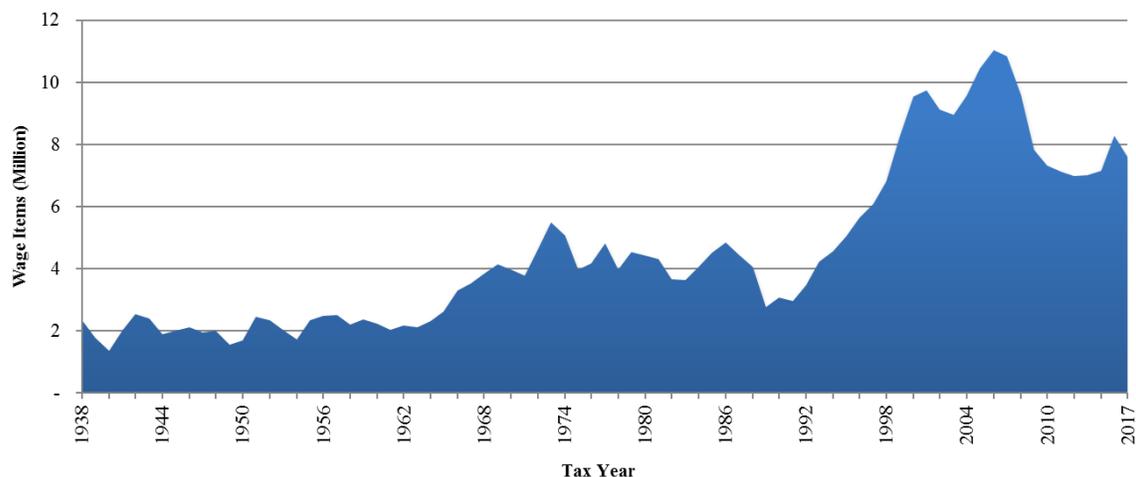
AGENCY ACTIONS

SSA has taken steps to further automate its enumeration process. For example, SSA released the *Internet Social Security Number Replacement Card* application in November 2015. This allows certain individuals to obtain a replacement SSN card online without the need to visit an SSA office, reducing the number of replacement card requests in field offices and Social Security Card Centers. As of September 30, 2018, SSA had processed over 1.4 million replacement card applications via the *Internet Social Security Number Replacement Card* application. While we believe this initiative may enhance customer service, SSA must ensure it takes necessary steps to minimize the risk of individuals fraudulently obtaining a replacement card.
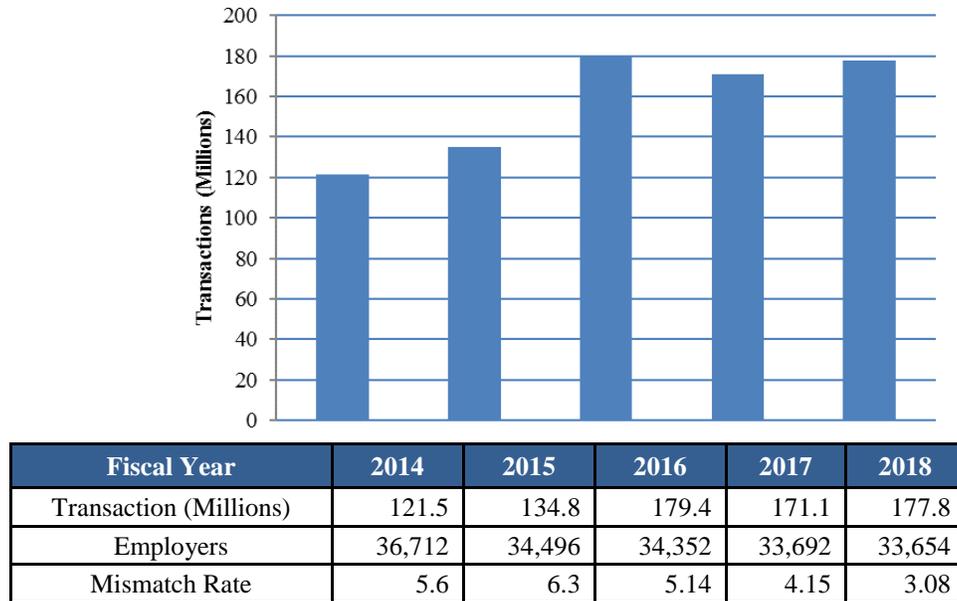
In addition, SSA worked with the Centers for Medicare and Medicaid Services to remove SSNs from Medicare cards. SSA previously also eliminated issuance of the SSN printout, except in certain disaster situations. If an individual needs proof of his/her SSN and does not have an SSN card, he/she must request a replacement by completing an *Application for a Social Security Card* and providing the required documentation.

SSN VERIFICATION SERVICE

SSA has taken steps to reduce the size and growth of the ESF. The Agency has offered employers the ability to verify their employees' names and SSNs using the Agency's SSN Verification Service before reporting wages to SSA. The number of verification transactions for the SSN Verification Service has increased from 121.5 in FY 2014 to 177.8 million in FY 2018. As of the end of FY 2018, 33,654 employers were registered for the SSN Verification Service (see Figure 9).

Figure 9: SSN Verification Service Verifications FYs 2014 Through 2018

Fiscal Year	2014	2015	2016	2017	2018
Transaction (Millions)	121.5	134.8	179.4	171.1	177.8
Employers	36,712	34,496	34,352	33,692	33,654
Mismatch Rate	5.6	6.3	5.14	4.15	3.08

E-VERIFY

SSA also supports the Department of Homeland Security in administering its E-Verify program, which assists employers in verifying electronically the employment eligibility of newly hired employees. According to the Department of Homeland Security, the number of registered users has steadily increased from approximately 554,000 in FY 2014 to about 822,000 in FY 2018, as shown in Figure 10. In FY 2018, users submitted more than 40 million queries.

Figure 10: Enrollment in E-Verify

SSA's FY 2018 AGENCY FINANCIAL REPORT
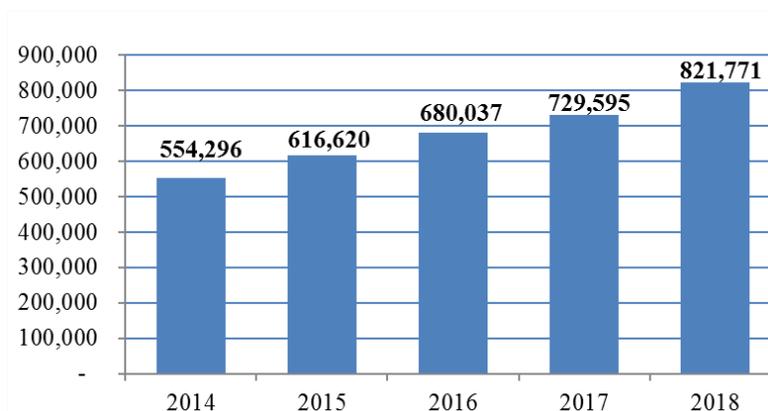
EARNINGS

To help reduce the number of items posted to the ESF, the Agency reported that it will resume sending educational correspondence letters to employers in Spring 2019 advising them when the wage information they submitted fail to match wage earners' names and SSNs in SSA's records. The Agency hopes these letters will help reduce the number of wages placed in the ESF in the future.

WHAT THE AGENCY NEEDS TO DO

Continue to be vigilant in protecting SSNs. We remain concerned that some government and non-government organizations unnecessarily collect and use SSNs as a primary identifier. We also remain concerned about SSN misuse by noncitizens who are not authorized to work in the United States as well as the misuse of SSNs for identity theft purposes.

Continue to ensure any electronic applications related to SSN card issuance offered through *my* Social Security **include an effective authentication process.**

Continue improving wage reporting by informing employers about potential name and SSN mismatch cases, identifying and resolving employer reporting problems, re-examining the validity and integrity checks used to prevent suspicious W-2s, *Wages and Tax Statement***, from being posted, and encouraging greater use of the Agency's employee verification programs.** SSA can also improve coordination with other Federal agencies with separate, yet related, mandates. For example, the Agency needs to work with the Internal Revenue Service to achieve more accurate wage reporting

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KEY RELATED PERFORMANCE MEASURES

Some of the key performance measures from SSA's revised FY 2018 *Annual Performance Plan* related to this challenge are listed below.

- SSNs completed.
- Annual earnings items completed.
- Social Security Statements issued.

KEY RELATED LINKS

OIG Report – *Improper Use of Children's Social Security Numbers* (A-03-12-21269), March 2014

OIG Report – *Access Controls over the Business Services Online* (Limited Distribution), (A-03-13-13015), June 2014.

OIG Report – *Internet Social Security Number Replacement Card Project* (Limited Distribution) (A-08-14-24096), July 2014

OIG Report – *The Social Security Administration's Authentication Risk Assessment for the Internet Social Security Number Replacement Card Project* (Limited Distribution) (A-14-14-24130), May 2015

OIG Report – *Status of the Social Security Administration's Earnings Suspense File* (A-03-15-50058), September 2015

OIG Report – *Social Security Administration Correspondence Containing Full Social Security Numbers (A-04-15-50070), April 2016*

OIG Report – *Improper Use of Elderly Individuals' Social Security Numbers (A-03-16-24028), January 2017*

OIG Report – *Social Security Numbers Assigned and Benefits Paid to Refugees, Parolees, and Asylees (A-08-16-50142), July 2017*

OIG Report – *Cross-referred Social Security Numbers (A-06-13-23091), July 2017*

OIG Report – *Removal of Self-employment Income and the Impact on Social Security Benefits (A-03-16-50102), February 2018*

OIG Report - *Implementation of the Internet Social Security Number Replacement Card Project (Limited Distribution) (A-08-17-50241), July 2018*

SSA OIG Website - Reports related to protecting social security numbers

STRENGTHEN PLANNING, TRANSPARENCY, AND ACCOUNTABILITY

CHALLENGE

> 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. Similarly, mismanagement and waste, as well as a lack of transparency for citizens in Government operations, can erode trust in SSA's ability to tackle the challenges it faces.

PLANNING

While SSA has created annual performance and multi-year strategic plans, we continue to be concerned with the quality of its longer-term vision needed to ensure it 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 released its *Vision 2025,* which SSA stated is a critical first step in planning how it will serve the public in the future.

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. For example, it does not include specific, measurable goals or outline the strategy needed to implement SSA's proposed vision. We believe SSA's long-term strategic vision should include specific, measurable goals that clearly outline the service delivery model SSA envisions in year 2025 and beyond. Also, while *Vision 2025* describes the Agency's future environmental drivers, it does not explain how those drivers will affect SSA's ability to provide services in the future. Additionally, SSA's plan did not choose one primary service delivery method as recommended by the National Academy of Public Administration, which SSA contracted for a long-range strategic review. Instead, *Vision 2025* promised a service delivery system to meet each customer's desire even though budget constraints may make such an approach unrealistic.

SSA worked with a contractor to develop an execution strategy and roadmap to cover the 10-year period addressed by *Vision 2025*. The roadmap includes a more specific description of a future SSA but does not discuss how SSA's budget uncertainty and other environmental factors could affect the envisioned roadmap. Also, the roadmap is not available publicly, so stakeholders cannot review how SSA plans to implement its vision or measure SSA's progress in its implementation.

Finally, while *Vision 2025* includes a crosswalk to SSA's previous *Agency Strategic Plan*, which helped show how the Agency's strategic goals aligned with *Vision 2025's* priorities, SSA's current *Agency Strategic Plan* makes no mention of *Vision 2025*. Without a description of how the current *Agency Strategic Plan* helps further SSA's progress toward its longer-term vision, stakeholders cannot easily see whether *Vision 2025* continues guiding SSA's future planning.

TRANSPARENCY

SSA releases annual performance plans and reports that include its annual performance measures, which provide a certain level of transparency on SSA's operations. Though, the quality of some of SSA's performance measures may limit the transparency they provide. The Agency has a mixture of outcome and output performance measures on which it publicly reports. The outcomes it measures include customer satisfaction, the timeliness of service or claims processing, and the accuracy of its payments. 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.

SSA refers to many of its output-based performance measures as budgeted workload measures, which SSA states are budget dependent. These measures include completing the budgeted number of full medical CDRs, SSI non-medical redeterminations, disability claims, and hearings requests. While measuring these workloads may be helpful for budgeting purposes, the performance measures do not inform whether completing the workloads results in positive outcomes. More useful performance measures would measure the outcomes of the workloads, like the dollars saved by identifying beneficiaries who were no longer disabled and ineligible for benefits through the completion of CDRs.

Finally, some of SSA's performance measures appear to measure outcomes but actually measure outputs. In these cases, SSA includes a desired outcome in the wording of the performance measures, while the intended target is output-based. For example, one of SSA's performance measures is to "Improve the disability determination process by increasing the percentage of medical evidence received electronically." The stated target is an increase in the percent of electronic medical evidence received. While receiving more medical evidence electronically may improve the process, it may not. To determine whether the increased use of electronic medical evidence improved the disability determination process, SSA should measure whether (1) cases with electronic medical records were processed more timely or accurately or (2) customers were more satisfied with the process.

ACCOUNTABILITY

SSA's ANTI-FRAUD PROGRAMS

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 also had to respond to new risk management requirements in Office of Management and Budget Circular No. A-123, *Management's Responsibility for Enterprise Risk Management and Internal Control*, which became effective in FY 2017. The Circular states that management has overall responsibility for establishing internal controls to manage fraud risk. This includes reporting to the Agency's governance structure the actions the Agency has taken to manage fraud risks and the status of the Agency's Risk Profile. The Agency's Risk Profile must include an evaluation of fraud risks and use a risk-based approach to design and implement financial and administrative controls to mitigate identified material fraud risks.

SSA has taken some steps to strengthen its anti-fraud infrastructure. For example, in FY 2014, SSA re-established its National Anti-Fraud Committee, a group of senior level executives that serves as a focal point for SSA's anti-fraud efforts. That same year, the Agency established the Office of Anti-Fraud Programs to provide centralized oversight and accountability for initiatives to detect, deter, and mitigate fraud. In FY 2017, SSA completed a Disability Fraud Risk Assessment in response to the Office of Management and Budget's new risk management requirements. Additional risk assessments will further strengthen SSA's approach to combatting fraud.

Also, 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. When fully implemented, SSA expects AFES will improve real-time fraud risk analysis and integrate technology into the Agency's anti-fraud business processes. To further improve its ability to address fraud, SSA needs to ensure AFES is implemented timely and successfully.

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

The *FY 2018 Report of Independent Certified Public Accountants* contained three significant deficiencies in internal control. The three significant deficiencies are summarized below (refer to SSA's FY 2018 *Agency Financial Report* for the full text of the report).

Certain Financial Information System Controls. The auditor identified a number of system control deficiencies, when aggregated, are considered to be a significant deficiency in the area of IT Systems Controls. The auditor mapped the control deficiencies to four overall components. This significant deficiency is a repeat from prior years.

- IT Oversight and Governance
- Access Controls
- Network Security Controls
- Change and Configuration Management

Controls over the Reliability of Information Used in Certain Control Activities. The auditor found deficiencies in the control design and operating effectiveness related to information produced by entity. This significant deficiency is a repeat from last year. The auditor noted findings related to the completeness and accuracy of financially relevant information produced by entity in the area of Accounts Receivable with the Public (Benefit Overpayments).

Accounts Receivable with the Public (Benefit Overpayments). The auditor 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 with the Public. This significant deficiency is a repeat form prior years. Specifically, the auditor's testing disclosed the following deficiencies.

- Reconciliation of Accounts Receivable Ledgers
- Overpayment Documentation and Calculations
- Overpayment Records and Tracking for Long-term Installment Payments
- Overpayment Prevention

AGENCY ACTIONS

PLANNING

SSA released a new strategic plan for FYs 2018 through 2022. While the strategic plan provides an understanding of SSA's goals over the next few years, it does not mention *Vision 2025* or include an addendum that aligns it with the longer-term vision.

TRANSPARENCY

SSA previously reported it provided its strategy and performance teams with performance measure development training. Additionally, it implemented a new process for developing performance measures, with the goal of identifying the best indicators where data are available to measure progress in achieving the desired outcome of strategic objectives.

ACCOUNTABILITY

SSA's FY 2017 *Anti-Fraud Strategic Plan* aligns the Plan with the leading practices in the Government Accountability Office's *A Framework for Managing Fraud Risks in Federal Programs,* as well as SSA's *Agency Strategic Plan*. The anti-fraud plan describes how the Agency will develop and implement a comprehensive, unified anti-fraud program. SSA is currently updating its *Anti-Fraud Strategic Plan*, which will cover FYs 2019 through 2021.

In FY 2018, SSA executed the first disability fraud analytic model in AFES. The disability fraud analytic model identifies anomalous relationships within disability claims at the hearings level. Per SSA, the model shows initial success in using data analytics to detect potential fraud.

Also, in FY 2018, SSA began exploring additional controls to further mitigate key risks identified in the Disability Fraud Risk Assessment. Additionally, it began its second fraud risk assessment focused on key eServices, including *my* Social Security and iClaims. SSA is also developing a long-term strategy and schedule to conduct fraud risk assessments.

WHAT THE AGENCY NEEDS TO DO

Re-evaluate its *Vision 2025* to ensure it has a viable long-range plan. Also, the Agency should develop performance measures that address its long-term desired outcomes, so SSA and the public can track SSA's efforts to transform into the Agency it needs to be in the future to meet its mission.

Fully implement AFES.

Develop additional fraud risk assessments.

Address its three internal control significant deficiencies.

KEY RELATED AGENCY PERFORMANCE MEASURES

The key planning, transparency, and accountability related measures from SSA's revised FY 2018 *Annual Performance Plan* are listed below.

- Expand CDI coverage.
- Develop an AFES.
- Strengthen manager accountability for effective performance management.
- Ensure readiness of career senior executives for positions that align with Agency succession needs.
- Ensure timely guidance is provided to managers to address employee performance and conduct issues.
- Reduce real property footprint.

KEY RELATED LINKS

GAO Review - *A Framework for Managing Fraud Risks in Federal Programs*, July 2015

Office of Management and Budget Circular No. A-123 - *Management's Responsibility for Enterprise Risk Management and Internal Control*, July 2016

SSA Strategic Plans - *Agency Strategic Plan, Fiscal Years 2014-2018* and *Agency Strategic Plan, Fiscal Years 2014-2018, Update Addendum: Vision 2025 Alignment*

SSA's Annual Performance Plan - *Annual Performance Plan for FY 2017-FY 2018 (Annual Performance Plan for FY 2018, Revised Performance Plan for FY 2017, Annual Performance Report for FY 2017)*

SSA Document - *Vision 2025*

National Academy of Public Administration Report – *Anticipating the Future: Developing a Vision and Strategic Plan for the Social Security Administration for 2025-2030*, July 2014

OIG Report – *Fraud Risk Performance Audit of the Social Security Administration's Disability Programs (Limited Distribution) (A-15-15-25002), April 2015*

OIG Report – *Congressional Response Report: The Social Security Administration's Vision 2025 Plan (A-02-16-50125), March 2016*

OIG Report – *The Social Security Administration's Financial Report for Fiscal Year 2018 (A-15-18-50482), November 2018*

SSA OIG Website - Reports related to strengthening planning, transparency, and accountability