

SOCIAL SECURITY ADMINISTRATION

Office of the Inspector General

| <u>FY 2008 Budget</u> | <u>Page</u> |
|--|--------------------|
| Appropriation Language..... | 97 |
| Amounts Available for Obligation..... | 98 |
| Summary of Changes | 99 |
| Budgetary Resources by Activity | 101 |
| Budgetary Resources by Object | 102 |
| Authorizing Legislation..... | 103 |
| Appropriation History Table | 104 |
| <u>Justification</u> | |
| A. General Statement | 106 |
| B. Detail of Full-Time Equivalent Employment, Average Grade and Salary | 115 |

SOCIAL SECURITY ADMINISTRATION

Office of the Inspector General

For expenses necessary for the Office of Inspector General in carrying out the provisions of the Inspector General Act of 1978, as amended, \$27,000,000, together with not to exceed \$68,047,000, to be transferred and expended as authorized by section 201(g)(1) of the Social Security Act from the Federal Old-Age and Survivors Insurance Trust Fund and the Federal Disability Insurance Trust Fund.

In addition, an amount not to exceed 3 percent of the total provided in this appropriation may be transferred from the "Limitation on Administrative Expenses", Social Security Administration, to be merged with this account, to be available for the time and purposes for which this account is available: Provided, That notice of such transfers shall be transmitted promptly to the Committees on Appropriations of the House and Senate.

Note.—A regular 2007 appropriation for this account had not been enacted at the time the budget was prepared; therefore, this account is operating under a continuing resolution (P.L. 109–289, Division B, as amended). The amounts included for 2007 in this budget reflect the levels provided by the continuing resolution.

Office of the Inspector General
Amounts Available for Obligation
(Dollars in thousands)

| | FY 2006 Actual | FY 2007 Current Estimate ¹ | FY 2008 Estimate |
|------------------------------------|---------------------------|--|-----------------------------|
| <u>General Funds:</u> | | | |
| Annual appropriation | \$26,000 | \$25,740 | \$27,000 |
| Reduction pursuant to P.L. 109-148 | <u>-260</u> | <u>---</u> | <u>---</u> |
| Subtotal, adjusted general funds | \$25,740 | \$25,740 | \$27,000 |
| <u>Trust Funds:</u> | | | |
| Annual transfer | \$66,400 | \$65,736 | \$68,047 |
| Reduction pursuant to P.L. 109-148 | <u>-664</u> | <u>---</u> | <u>---</u> |
| Subtotal, adjusted trust funds | \$65,736 | \$65,736 | \$68,047 |
| Subtotal, appropriation | \$91,476 | \$91,476 | \$95,047 |
| Unobligated balance lapsing | <u>-551</u> | <u>---</u> | <u>---</u> |
| Total, obligations | \$90,925 | \$91,476 | \$95,047 |

¹ The FY 2007 estimate reflects the current rate. The FY 2007 President's budget was \$96,000,000.

Office of the Inspector General

Summary of Changes

| | |
|--|---------------------|
| FY 2007 Current Estimate ¹ | <u>\$91,476,000</u> |
| General Funds | \$25,740,000 |
| Trust Funds | \$65,736,000 |
| FY 2008 Request | <u>\$95,047,000</u> |
| General funds | \$27,000,000 |
| Trust funds | \$68,047,000 |
| Net Change in obligations | <u>+\$3,571,000</u> |

| | FY 2007 Base Current Estimate | | Change from Base | |
|---|----------------------------------|------------------------|------------------|------------------------|
| | WYs (FTE) | Budgetary Resources | WYs (FTE) | Budgetary Resources |
| <u>Increases:</u> | | | | |
| A. <u>Built-in</u> | | | | |
| 1. Annualization of the January 2007 Federal pay increase of 2.2 percent | 615 (605) | \$79,815,000 | 3 (3) | +\$419,000 |
| 2. Nine-month effect of assumed 3.0 percent Federal pay increase effective January 2008 | | | --- | +\$1,308,000 |
| 3. Change in base payroll expenses related to career ladder promotions and within-grade increases | | | --- | +\$1,387,000 |
| 4. Change in base expenses for employee benefits, including health benefits and new employees hired under the Federal Employee Retirement System (FERS) | | | --- | +\$850,000 |
| 5. Net increase in all other payroll costs, including 2 additional paid days | | | --- | +\$496,000 |
| 6. All other built-in nonpayroll changes, including travel, management support and equipment maintenance | | \$11,661,000 | --- | <u>+\$613,000</u> |
| Total, built-in increases | | | | +\$5,073,000 |

¹ The FY 2007 estimate reflects the current rate. The FY 2007 President's budget was \$96,000,000.

Summary of Changes

| | FY 2007 Base Current Estimate | | Change from Base | |
|---|----------------------------------|------------------------|------------------|------------------------|
| | WYs (FTE) | Budgetary Resources | WYs (FTE) | Budgetary Resources |
| <u>Decreases:</u> | | | | |
| A. <u>Program</u> | | | | |
| 1. Decrease in costs for training, supplies, and other support services | | | --- | <u>-\$1,502,000</u> |
| Total, decreases | | | | -\$1,502,000 |
| Net change | | | --- | +\$3,571,000 |

Office of the Inspector General

Budgetary Resources by Activity
(Dollars in thousands)

| | FY 2006 Actual | FY 2007 Current Estimate ¹ | FY 2008 Estimate |
|----------------------------|---------------------------|--|-----------------------------|
| General funds | \$25,740 | \$25,740 | \$27,000 |
| OASDI trust fund transfers | <u>\$65,736</u> | <u>\$65,736</u> | <u>\$68,047</u> |
| Total | \$91,746 | \$91,476 | \$95,047 |
| (Obligations) | (\$90,925) | (\$91,476) | (\$95,047) |
| (FTEs) | (608) | (605) | (608) |

¹ The FY 2007 estimate reflects the current rate. The FY 2007 President's budget was \$96,000,000.

Office of the Inspector General

Budgetary Resources by Object

| | FY 2007 Current Estimate ¹ | FY 2008 Estimate | Increase or Decrease |
|--|--|-----------------------------|-------------------------------------|
| <u>Personnel compensation</u> | | | |
| Full-time permanent | \$57,426,000 | \$60,921,000 | +\$3,495,000 |
| Other than full-time permanent | 433,000 | 483,000 | +50,000 |
| Other personnel compensation | <u>1,185,000</u> | <u>1,250,000</u> | <u>+65,000</u> |
| Total, personnel compensation | \$59,044,000 | \$62,654,000 | +\$3,610,000 |
| Civilian personnel benefits | <u>20,771,000</u> | <u>21,621,000</u> | <u>+850,000</u> |
| Total, compensation and benefits | \$79,815,000 | \$84,275,000 | +\$4,460,000 |
| Travel | \$2,200,000 | \$2,538,000 | +\$338,000 |
| Transportation of things | 110,000 | 75,000 | -35,000 |
| Rental payments to GSA | 5,100,000 | 5,100,000 | --- |
| Rental payments to others | 150,000 | 100,000 | -50,000 |
| Communications, utilities and miscellaneous charges | 600,000 | 600,000 | --- |
| Printing and reproduction | 45,000 | 10,000 | -35,000 |
| Other services | 3,256,000 | 2,180,000 | -1,076,000 |
| Supplies and materials | 100,000 | 69,000 | -31,000 |
| Equipment | 100,000 | 100,000 | --- |
| Land and structures | --- | --- | --- |
| Total, budgetary resources | \$91,476,000 | \$95,047,000 | +\$3,571,000 |

¹ The FY 2007 estimate reflects the current rate. The FY 2007 President's budget was \$96,000,000.

Office of the Inspector General

Authorizing Legislation

| | 2007 Amount Authorized | 2007 Estimate ¹ | 2008 Amount Authorized | 2008 Estimate |
|--|---------------------------------------|---------------------------------------|---------------------------------------|--------------------------|
| Office of the Inspector General P.L. 103-296 | Indefinite | \$91,476,000 | Indefinite | \$95,047,000 |

¹ The FY 2007 estimate reflects the current rate. The FY 2007 President's budget was \$96,000,000.

Office of the Inspector General

Appropriation History Table

| Fiscal Year | Budget Estimate to Congress | House Allowance | Senate Allowance | Appropriation |
|-----------------------------|------------------------------------|------------------------|-------------------------|----------------------|
| FY 1998 ¹ | | | | |
| Appropriation | \$10,164,000 | \$10,164,000 | \$6,335,000 | \$10,164,000 |
| Trust Funds | \$34,260,000 | \$42,260,000 | \$31,019,000 | \$38,260,000 |
| FY 1999 | | | | |
| Appropriation | \$12,000,000 | \$12,000,000 | \$11,082,000 | \$12,000,000 |
| Trust Funds | \$40,000,000 | \$44,000,000 | \$39,130,000 | \$44,000,000 |
| FY 2000 ² | | | | |
| Appropriation | \$15,000,000 | \$12,000,000 | \$15,000,000 | \$14,944,000 |
| Trust Funds | \$51,000,000 | \$44,000,000 | \$51,000,000 | \$50,808,000 |
| FY 2001 | | | | |
| Appropriation | \$17,000,000 | \$14,944,000 | \$16,944,000 | \$16,944,000 |
| Trust Funds | \$56,000,000 | \$50,808,000 | \$52,500,000 | \$52,500,000 |
| FY 2002 ³ | | | | |
| Appropriation | \$19,000,000 | \$19,000,000 | \$19,000,000 | \$18,985,800 |
| Trust Funds | \$56,000,000 | \$56,000,000 | \$56,000,000 | \$55,958,200 |
| FY 2003 ⁴ | | | | |
| Appropriation | \$21,000,000 | \$21,000,000 | \$21,000,000 | \$20,863,500 |
| Trust Funds | \$62,000,000 | \$62,000,000 | \$62,000,000 | \$61,597,000 |
| FY 2004 ⁵ | | | | |
| Appropriation | \$25,000,000 | \$24,500,000 | \$20,863,000 | \$24,355,400 |
| Trust Funds | \$65,000,000 | \$63,700,000 | \$61,597,000 | \$63,324,200 |
| FY 2005 ⁶ | | | | |
| Appropriation | \$26,000,000 | \$25,748,000 | \$26,000,000 | \$25,542,000 |
| Trust Funds | \$66,000,000 | \$65,359,000 | \$66,000,000 | \$64,836,100 |
| FY 2006 ⁷ | | | | |
| Appropriation | \$26,000,000 | \$26,000,000 | \$26,000,000 | \$25,740,000 |
| Trust Funds | \$67,000,000 | \$66,805,000 | \$67,000,000 | \$65,736,000 |
| FY 2007 ⁸ | | | | |
| Appropriation | \$27,000,000 | | | |
| Trust Funds | \$69,000,000 | | | |
| FY 2008 | | | | |
| Appropriation | \$27,000,000 | | | |
| Trust Funds | \$68,047,000 | | | |

Office of the Inspector General

Appropriation History Table

- ¹ Excludes \$800,000 transfer from Limitation on Administrative Expenses account pursuant to P.L. 105-78.
- ² The \$15,000,000 in appropriated funds and \$51,000,000 in trust funds included in the language for this account for FY 2000 were reduced by \$56,000 and \$192,000, respectively, in accordance with P.L. 106-113.
- ³ The \$19,000,000 in appropriated funds and \$56,000,000 in trust funds included in the language for this account for FY 2002 were reduced by \$14,200 and \$41,800, respectively, in accordance with P.L. 107-206.
- ⁴ The \$21,000,000 in appropriated funds and \$62,000,000 in trust funds included in the language for this account for FY 2003 were reduced by \$136,500 and \$403,000, respectively, in accordance with P.L. 108-7.
- ⁵ The \$24,500,000 in appropriated funds and \$63,700,000 in trust funds included in the language for this account for FY 2004 were reduced by \$144,600 and \$375,800, respectively, in accordance with P.L. 108-199.
- ⁶ The \$25,748,000 in appropriated funds and \$65,359,000 in trust funds included in the language for this account for FY 2005 were reduced by \$206,000 and \$522,900, respectively, in accordance with P.L. 108-447.
- ⁷ The \$26,000,000 in appropriated funds and \$66,400,000 in trust funds included in the language for this account for FY 2006 were reduced by \$260,000 and \$664,000, respectively, in accordance with P.L. 109-148.
- ⁸ A regular 2007 appropriation for this account had not been enacted at the time the budget was prepared; therefore, this account is operating under a continuing resolution (P.L. 109-289, Division B, as amended). The amounts included for 2007 in this budget reflect the levels provided by the continuing resolution.

Office of the Inspector General

Justification

| FY 2007 Current Estimate | | FY 2008 Estimate | | Increase or Decrease | |
|-----------------------------|--------------|---------------------|--------------|-------------------------|--------------|
| FTE | Amount | FTE | Amount | FTE | Amount |
| 605 | \$91,476,000 | 608 | \$95,047,000 | +3 | +\$3,571,000 |

GENERAL STATEMENT

The fiscal year (FY) 2008 President's budget for the Social Security Administration (SSA) Office of the Inspector General (OIG) is \$95,047,000 in total obligational authority and 608 full-time equivalents (FTE). This is \$3,571,000 above the FY 2007 level.

For FY 2007, OIG's estimated funding level (operating under a continuing resolution, P.L. 109-289, Division B, as amended) is \$91,476,000, which will support 605 FTEs. The FY 2008 request provides resources needed to maintain this full complement of staff, including mandatory payroll increases (e.g., pay raises, health benefits, etc.) and related support costs. The budget request assumes OIG will replace most staffing losses during FY 2008 and provides ongoing support of the major initiatives already in place. OIG will continue to strengthen homeland security responsibilities through audit and investigative activities that focus on strengthening the enumeration process and combating Social Security Number (SSN) misuse.

ONGOING INITIATIVESHomeland Security

The widespread use of the SSN and the critical role that Social Security benefits play in the lives of so many Americans make the OIG's efforts--already important on a daily basis--critical in times of national emergencies. The OIG continues its homeland security efforts, with respect to both natural and human threats. Audit and investigative efforts in areas such as SSN integrity contribute to the government-wide fight against terrorism. The OIG's work with the Government Accountability Office, the Department of Homeland Security and others in the wake of Hurricanes Rita and Katrina established that its efforts in homeland security are critical not only to the prevention of terrorism, but to recovery efforts in the aftermath of disasters.

Computer Forensic Investigations

Criminal acts involving use of computers have increased dramatically. These crimes range from employees' inappropriate use of Government equipment to financial fraud that may involve contractors doing business with the Agency. To address this growing problem, OIG established an Electronic Crimes Team (ECT) to conduct computer forensic investigations. The ECT is tasked under both SSA's Critical Federal Infrastructure Protection Plan (CFIPP) and the Federal Information Security Management Act (FISMA) with providing support in the event of an intrusion into SSA's network. The CFIPP and FISMA dictate an increased responsibility for ensuring that all computer-related fraud allegations are fully investigated.

The ECT is responsible for providing thorough and exhaustive examinations of digital media. The media examined may include computer hard disk drives, cellular telephones and personal digital assistants. A challenge facing all computer forensic examiners is the growth in the storage capacity of technical devices and rapidly changing technology. Expected increases in electronic activity, including SSA's conversion to more electronic government applications, will broaden the ECT's future workload requirements.

Fugitive Enforcement

OIG cooperates with local law enforcement agencies throughout the United States to share information about fugitive felons, parole violators and probation violators. SSA compares fugitive files with files of individuals receiving Supplemental Security Income (SSI) payments, Disability Insurance (DI) benefits and/or serving as representative payees. When these reviews produce a match, OIG verifies the identity of the individual, ensures the warrant is active, works with local law enforcement to locate the person and refers the case to the local Social Security office for suspension of SSI and DI payments.

Civil Monetary Penalty Program

As delegated by the Commissioner of Social Security, the OIG administers the Civil Monetary Penalty (CMP) program enforcement statutes. This authority allows OIG to impose CMPs against violators of sections 1129 and 1140 of the *Social Security Act*. The *Social Security Protection Act of 2004* extended CMP authority to include the misuse of benefits by representative payees. Section 1140 of the Act prohibits the use of SSA's program words, letters, symbols or emblems in advertisements or other communications in a manner that falsely conveys approval, endorsement, or authorization. Section 1129 of the Act allows for the imposition of a CMP against those who make false statements or representations in connection with obtaining or retaining DI benefits or SSI payments.

SSA's SIGNIFICANT MANAGEMENT ISSUES

OIG annually identifies the most significant management issues facing SSA based on congressional mandates and our audit and investigative work. These issues are:

1. SSN Protection
2. Management of the Disability Process
3. Improper Payments and Recovery of Overpayments
4. Internal Control Environment and Performance Measures
5. Systems Security and Critical Infrastructure Protection
6. Service Delivery and Electronic Government

The FY 2008 budget provides resources needed to maintain the FY 2007 staffing levels dedicated to addressing each of these issue areas. A summary of each is discussed below:

Issue #1: SSN Protection

The SSN is the key to social, legal and financial assimilation in the United States. Its frequent use as an identifier renders it as a valuable illegal commodity. Criminals improperly obtain SSNs by: (1) presenting false documentation; (2) stealing another person's SSN; (3) purchasing an SSN; (4) using the SSN of a deceased individual or (5) contriving an SSN by selecting any nine digits at random.

SSA has taken considerable steps to protect the SSN in recent years. As part of OIG's ongoing activities, the OIG provides recommendations to SSA to further strengthen this commitment through promoting limits on the use of the SSN as an individual identifier in the private sector, addressing weaknesses in its information security environment to safeguard SSNs and coordinating with partner agencies to pursue data sharing agreements to enhance data integrity.

Issue #2: Management of the Disability Process

SSA administers the Disability Insurance (DI) and Supplemental Security Income (SSI) programs which provide benefits to individuals based on disability. These programs remain susceptible targets for fraud. As a result, the OIG, in cooperation with SSA, has taken the initiative to manage the Cooperative Disability Investigations (CDI) Program. The objective of the CDI program is to acquire evidence to settle questions of fraud in the DI and SSI programs. During FY 2006, the CDI units saved SSA over \$151 million by identifying fraud and abuse related to initial and continuing claims in the disability program.

Our Office of Audit will be conducting reviews to ensure that other risk factors inherent in these programs are addressed. Examples of these risk factors include individuals who feign or exaggerate symptoms to become eligible for disability benefits and individuals who are no longer disabled but remain on the disability rolls.

Issue #3: Improper Payments and Recovery of Overpayments

Improper payments are defined as any payment that should not have been made or was made in an incorrect amount. Examples of improper payments include inadvertent errors, payments for unsupported or inadequately supported claims or payments to ineligible beneficiaries. The risk of improper payments increases in programs with a significant volume of transactions, complex criteria for computing payments and the need to expedite payments in certain situations. The scope and complexity of SSA programs is a significant risk factor for improper payments.

In February 2006, the Office of Management and Budget issued a report entitled *Improving the Accuracy and Integrity of Federal Payments*. That report noted seven Federal programs – including SSA's Old Age, Survivors and Disability Insurance and SSI programs – that accounted for approximately 95 percent of the improper payments in FY 2005.

OIG will continue to work with SSA to identify and address ways to reduce improper payments in its programs. SSA has already taken many actions to prevent and recover improper payments based on recommendations from OIG reviews. In FY 2006, during an audit entitled *Benefits Paid to Dually Entitled Title II Beneficiaries*, OIG identified \$23 million in overpayments. SSA agreed with the recommendations presented in this audit: to ensure overpayments are identified, recorded, and pursued for recovery; to remind employees of the proper procedures to follow when combining benefits into one payment; and also to ensure that payment errors are corrected when disability benefits are converted to retirement benefits.

Issue #4: Internal Control Environment and Performance Measures

Internal control comprises the plans, methods and procedures used to meet missions, goals and objectives. Internal controls are critical in helping safeguard assets and preventing and detecting errors and fraud.

From FY 2000 through September 2006, OIG conducted 47 administrative cost audits for SSA's State Disability Determination Services (DDS). In 26 of the 47 audits, we identified internal control weaknesses. For example, we reported that improvements were needed to ensure Federal funds were properly drawn and payments to medical providers were made in accordance with Federal regulations. The lack of effective internal controls can result in the mismanagement of Federal resources and increase the risk of fraud.

Another area requiring effective internal controls is the selection and oversight of contractors that assist the Agency in meeting its mission. SSA spent over \$800 million on contracts in both FY 2005 and FY 2006. OIG will review multiple contracts to determine whether SSA is receiving the services it is paying for and that there are proper internal controls in place to ensure appropriate oversight of contractors.

SSA sets forth its mission and strategic goals in strategic plans, establishes yearly targets in its annual performance plan and reports on its performance annually. Each year, OIG assesses the reliability of SSA's performance data and evaluates the extent to which SSA's performance measures describe its planned versus actual performance. Assessing the control environment for DDSs and SSA's performance measures helps ensure the Agency is effectively managing its resources to meet its mission.

Issue #5: Systems Security and Critical Infrastructure Protection

In a global information society, where information routinely travels through cyberspace, the importance of security is widely accepted. The growth in computer interconnectivity brings a heightened risk of the disruption of the operation of critical information systems and exposure of sensitive data. SSA's information security challenge is to understand potential system vulnerabilities and take action to correct them. New technologies such as Voice Over Internet Protocol are constantly being introduced. The Agency must understand the risks associated with these new technologies before their implementation. Under the *Federal Information Security Management Act* (FISMA), OIG independently evaluates SSA's security program. FISMA requires that agencies institute a sound information security program and framework. Since FISMA's inception, OIG has worked with SSA to promptly resolve security issues.

Issue #6: Service Delivery and Electronic Government

One of SSA's goals is to deliver high-quality, "citizen-centered" service. This goal encompasses traditional and electronic services to applicants for benefits, beneficiaries and the general public. It includes services to and from States, other agencies, third parties, employers and other organizations, including financial institutions and medical providers. Four challenges in this area are managing the Medicare Prescription Drug Program, oversight of the representative payee process, managing human capital and expanding the use of the Internet to provide faster and better access to Government services and information or "e-Government."

1) *Medicare Prescription Drug Program*

SSA has taken on several Medicare-related responsibilities as a result of the *Medicare Prescription Drug, Improvement and Modernization Act of 2003*. These responsibilities include making low-income subsidy determinations, notifying individuals of the availability of these subsidies and withholding premiums for eligible beneficiaries who request such an arrangement. OIG will examine SSA's performance in fulfilling these duties.

2) *Representative Payee Process*

When SSA determines a beneficiary cannot manage his or her benefits, SSA selects a representative payee who must use the payments for the beneficiary's needs. There are about 5.3 million representative payees who manage benefit payments for 7 million beneficiaries. While representative payees provide a valuable service for beneficiaries, SSA must provide appropriate safeguards to ensure they meet their responsibilities to the beneficiaries they serve. The *Social Security Protection Act of 2004* provided several new safeguards for those individuals who need a representative payee. It presents substantial challenges to SSA to ensure representative payees meet beneficiaries' needs. SSA must conduct periodic on-site reviews of representative payees and a statistically valid survey to determine just how payments made to representative payees are being used.

3) *Managing Human Capital*

Like many other government agencies, SSA is faced with addressing its human capital challenges. Strategic Management of Human Capital is one of five Government-wide initiatives in the President's Management Agenda. The number of disability beneficiaries has increased over the past 10 years and is projected to continue to grow, as will the numbers of Old Age and Survivors beneficiaries and Supplemental Security Income recipients. Further, by FY 2015, 54 percent of current SSA employees will be eligible to retire. This retirement wave will impact SSA's accumulated wealth of institutional knowledge and could drastically affect its ability to deliver quality service to the public. The critical loss of institutional skills and knowledge, combined with greatly increased workloads due to the nationwide retirement of the baby-boom generation, requires SSA to focus on succession planning, strong recruitment efforts and the effective use of technology. OIG will continue to monitor the Agency's activities in this area and will offer recommendations through our continued audit work.

4) *Electronic Government*

SSA's e-Government strategy is based on the development of high-volume, high-payoff applications, for both the public and the Agency's business partners. To meet increasing public demands, SSA has pursued a portfolio of services that include on-line and voice-enabled telephone transactions to increase opportunities for the public to conduct SSA business electronically in a private and secure environment.

SSA continues to provide cost-effective, e-Government services to citizens, businesses and other government agencies. SSA expects to offer citizens the e-Government services they want and need, ensure stewardship by protecting on-line security and the integrity of the SSA benefit payment process, pursue e-Government partnerships and

collaborations with other government agencies and private sector organizations, implement e-Government programs that offer sound business case justification and align the organization and invest in human capital to maximize e-Government progress.

As SSA continues to expand its use of electronic services, OIG will continue to assist SSA in this endeavor by offering recommendations through the audit process.

MONETARY BENEFITS

In FY 2006, OIG issued 108 audit reports with recommendations, identifying over \$1.3 billion in questioned costs and over \$2.5 billion in Federal funds that could be put to better use. OIG also received 99,283 allegations of fraud, effected 2,032 criminal convictions and obtained a return of over \$292 million in investigative accomplishments, comprised of approximately \$58 million in SSA recoveries, restitutions, fines, settlements and judgments, and over \$234 million in projected SSA savings. The OIG CMP program successfully closed 375 cases resulting in penalties and assessments exceeding \$2.7 million.

STRATEGIC PLANNING

FY 2006 was the first year under OIG's 5-year Strategic Plan. The Plan reflects an organizational commitment to the principles and standards the OIG holds highest -- to prevent and detect fraud, waste and abuse in Social Security's programs and operations. The Plan emphasizes three major goal areas: the *Impact* the OIG efforts have on Social Security's programs and operations; the *Value* OIG brings to SSA, Congress, and the public; and the strategies to cultivate the various talents of OIG's *People*. The Plan is comprised of 14 goals and related annual performance targets to track progress. For FY 2006, OIG successfully met the targets or had a positive outcome for all 14 performance measures. The specific results for FY 2006 are as follows:

| GOAL | TARGET | RESULT |
|--|------------|------------|
| <i>Impact</i> | | |
| 1. Maintain an annual acceptance rate of at least 85 percent for all recommendations. | 85 percent | 93 percent |
| 2. Through FY 2010, achieve a 5-year average implementation rate of 85 percent for accepted recommendations aimed at improving the integrity, efficiency and effectiveness of SSA. | 85 percent | 92 percent |
| 3. Achieve a positive action on at least 80 percent of all cases closed during the FY. | 80 percent | 87 percent |

| GOAL | TARGET | RESULT |
|--|---|--|
| <i>Value</i> | | |
| 4. Generate a positive return of \$4 for every tax dollar invested in OIG activities. | \$4 positive return | \$46 Return on Investment |
| 5. Evaluate and respond to 90 percent of all allegations received within 30 days. | 90 percent | 96 percent |
| 6. Complete investigative fieldwork on 75 percent of all cases within 180 days. | 75 percent | 84 percent |
| 7. Respond to 90 percent of congressional requests within 21 days. | 90 percent | 90 percent |
| 8. Take action on 90 percent of CMP subjects within 30 days of receipt. | 90 percent | 92 percent |
| 9. Achieve a positive internal and external user assessment rating of 85 percent for product-service quality | 85 percent | 88 percent |
| 10. Issue 75 percent of final audit reports within 1 year of the entrance conference with SSA. | 75 percent | 85 percent |
| 11. Complete 80 percent of requests for legal advice and review within 30 days. | 80 percent | 95 percent |
| <i>People</i> | | |
| 12. Achieve an annual attrition rate of 5 percent or less | ≤5 percent | 2 percent |
| 13. Identify areas where improvement is needed implement corrective action plans. | Conduct an annual employee job satisfaction survey. | Based on a 63 percent response rate, 81 percent of OIG employees indicated that they are either satisfied or very satisfied with their jobs. |
| 14. Ensure that 90 percent of OIG staff receives 40 or more hours of appropriate developmental and skill-enhancement training annually | 90 percent | 93 percent |

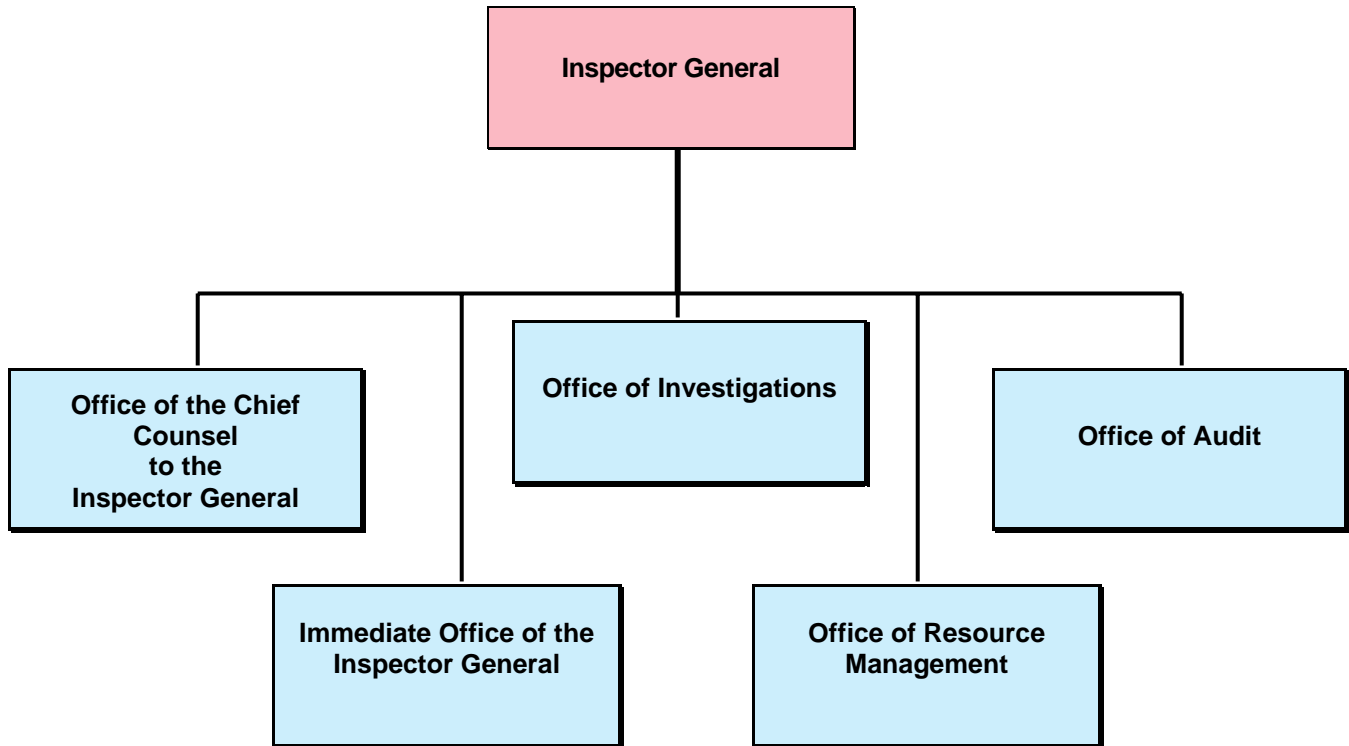
TRANSFER AUTHORITY

The budget request includes language providing authority to transfer an amount up to 3 percent of the total OIG appropriation from SSA's Limitation on Administrative Expenses appropriation. This language provides the flexibility to meet unanticipated funding requirements and ensure that adequate resources are available to meet program objectives. The request is consistent with similar authority to transfer funds between appropriations provided to other departments and agencies in appropriation language.

OIG'S ORGANIZATIONAL STRUCTURE AND MISSION

Social Security Administration

Office of the Inspector General



As mandated by the *Inspector General Act of 1978*, as amended, the OIG's mission is to protect the integrity of SSA's programs. By conducting independent and objective audits, evaluations and investigations, OIG works to ensure public confidence in the integrity and security of SSA's programs and operations and protect them against fraud, waste and abuse. OIG provides timely, useful and reliable information and advice to Administration officials, Congress and the public. It is comprised of the Offices of Audit, Investigations, Chief Counsel to the Inspector General, Resource Management and the Immediate Office of the Inspector General.

The Office of Audit (OA) conducts and supervises financial and performance audits of SSA's programs and operations and makes recommendations to ensure that program objectives are achieved effectively and efficiently. Financial audits assess whether SSA's financial statements fairly present SSA's financial position, results of operations and cash flow. Performance audits review the economy, efficiency and effectiveness of SSA's programs and operations. OA also conducts short-term management and program evaluations, and other projects focused on issues of concern to SSA, Congress and the general public.

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

The Office of the Chief Counsel to the Inspector General (OCCIG) provides independent legal advice and counsel to the Inspector General (IG) on a wide range of issues, including statutes, regulations, legislation and policy directives. OCCIG advises the IG on investigative procedures and techniques, as well as on legal implications and conclusions to be drawn from audit and investigative material. OCCIG also administers the CMP Program. This office manages OIG's external and public affairs program, preparing OIG publications and handling congressional, media and public requests for information.

The Office of Resource Management (ORM) provides administrative and management support to the Inspector General (IG), Deputy Inspector General (DIG), and all OIG components. ORM formulates and executes the OIG budget and confers with the Office of the Commissioner, OMB and Congress on budget matters. ORM is responsible for strategic planning and performance reporting, and facility and property management. ORM develops and maintains OIG's administrative and management policy and procedures and performs all human resource support activities for OIG. ORM also plans, designs, develops, tests, implements and maintains hardware, software and telecommunications networks to support OIG's mission.

The Immediate Office of the Inspector General (IO) provides the IG and the DIG with staff assistance on the full range of the IG's responsibilities. IO provides liaison services with all agencies sharing an interest or a role with OIG, and assures coordination with congressional committees, SSA, the Social Security Advisory Board and the President's Council on Integrity and Efficiency. The Office of Quality Assurance and Professional Responsibility is responsible for two critical functions – it conducts exhaustive reviews of each of OIG's component offices to ensure compliance with Federal laws and regulations, Agency policies and relevant professional standards. It also performs OIG's Professional Responsibility function, conducting thorough and timely investigations should allegations of misconduct be reported against an OIG employee. In addition, the IO oversees the Organizational Health Committee that serves as an agent of positive change by discussing, evaluating and presenting to senior management, employee issues and proposed solutions that affect the operations, administration and efficiency of OIG.

Rationale for the Budget Request

The budget request for FY 2008 is \$95,047,000 and 608 FTEs, which reflects an increase of \$3,571,000 from FY 2007 funding levels. The FY 2008 funding increase will be used mainly for personnel costs (such as within-grade increases, Federal pay raises and benefit-rate increases) for current staff and related support costs.

Office of the Inspector General

Detail of Full-Time Equivalent Employment

| | FY 2006 Actual | FY 2007 Current Estimate | FY 2008 Estimate |
|---------------------------------|---------------------------|---|-----------------------------|
| Office of the Inspector General | 608 | 605 | 608 |

Average Grade and Salary

| | FY 2006 Actual | FY 2007 Estimate | FY 2008 Estimate | Increase or Decrease |
|-------------------|---------------------------|-----------------------------|-----------------------------|-------------------------------------|
| Average ES Salary | \$158,700 | \$163,500 | \$168,400 | +\$4,900 |
| Average GS Grade | 12 | 12 | 12 | --- |
| Average GS Salary | \$90,600 | \$94,500 | \$100,100 | +\$5,600 |