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APPROPRIATION LANGUAGE

OFFICE OF INSPECTOR GENERAL

(INCLUDING TRANSFER OF FUNDS)

For expenses necessary for the Office of Inspector General in carrying out the provisions of the Inspector General Act of 1978, as amended, [~~\$28,000,000~~] *\$29,000,000*, together with not to exceed [~~\$70,127,000~~] *\$73,682,000*, 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. (*Departments of Labor, Health and Human Services, and Education, and Related Agencies Appropriations Act, 2009.*)

GENERAL STATEMENT

OVERVIEW

The Fiscal Year (FY) 2010 President's Budget for the Social Security Administration (SSA) Office of the Inspector General (OIG) is \$102,682,000 in total budget authority and 605 full-time equivalents (FTE). This is \$4,555,000 above the funding received from the Departments of Labor, Health and Human Services, and Education, and Related Agencies Appropriations Act, 2009.

The FY 2010 request provides resources needed to maintain the FY 2009 staffing level. The FY 2010 budget request will support spending at an operating level that will allow our auditors and investigators to meet their productivity goals. The budget request will provide funding for mandatory payroll increases (e.g., pay raises, health benefits, etc.) and related support costs. The budget request assumes OIG will replace some staffing losses during FY 2010 and provides ongoing support for the major initiatives already in place. OIG will continue to meet its homeland security responsibilities through audit and investigative activities that focus on strengthening the enumeration process and combating Social Security Number (SSN) misuse. The OIG will also conduct, supervise, and coordinate audits and evaluations involving the use of funds for the planning, acquisition, management, and disposal of assets pursued by SSA for the purpose of replacing its National Computer Center (NCC). Additional funding under the American Recovery and Reinvestment Act of 2009 (ARRA) will provide the OIG with resources to monitor the agency's use of ARRA funding for workload processing, Economic Recovery Payments, and for the replacement of the National Computer Center (NCC). This funding is available through 2012.

Table 4.1—Justification

	FY 2009 Enacted	FY 2010 Estimate	Change
FTE	604	605	+1
Appropriation	\$ 98,127,000	\$ 102,682,000	+ \$ 4,555,000
ARRA	\$ 2,000,000	N/A	N/A

ONGOING INITIATIVES

Computer Forensic Investigations

Over the past several years, there has been a heightened awareness of the need for robust measures in the protection of government networks and the investigation of incidents of cyber crimes against those networks. With the creation of National Security Presidential Directive 54 and the emphasis placed on the Government's Trusted Internet Connection initiative, the protection of government networks has become a priority. The Electronic Crimes Division (ECD) is charged with providing computer forensic support to the Office of Investigations and SSA. The ECD is a partner in the agency's effort to protect Personally Identifiable Information (PII) stored within SSA's networks. However, with the increased focus on network security, the ECD must enhance its abilities in the area of Computer Security and Incident Response. The ECD seeks to develop the skills and hire personnel to maintain an effective Computer Security Incident Response Team. This team will provide investigative and security support to SSA in the event of a network intrusion.

OIG recognizes the potential for fraud against SSA through the use of computer technology. Techniques used to compromise computer systems are on the rise nationally as computer crimes become easier to commit with new technology. To be effective, OIG must keep pace with technological advances. Our FY 2010 budget request includes funds to provide our computer forensic investigators with the equipment, training, and software needed to combat computer crimes.

Homeland Security

OIG continues to make homeland security issues a priority with audit and investigative work that has both a direct and indirect impact on the Government's effort in this area. OIG's audits address the security of SSA facilities and information, SSA's process for issuing SSNs, and the use and protection of SSNs. OIG investigates SSN misuse and identity theft and works to secure critical infrastructure sites directed at ensuring that individuals with access are not misrepresenting their identities and backgrounds. 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 critical to the Government-wide fight against terrorism.

Allegation Management and Fugitive Enforcement

The Allegation Management and Fugitive Enforcement Division (AMFED) is responsible for receiving, analyzing, and referring allegations of fraud, waste, and abuse in Social Security programs and operations. AMFED is also responsible for managing the fugitive warrant verification and referral process for Social Security's fugitive enforcement operations.

In FY 2008, these processes contributed significantly to the mission of the OIG and Social Security. AMFED received 42,768 allegations. Through development of referred allegations, SSA identified \$16,572,982 in benefit overpayments and projected additional savings of \$1,890,671. AMFED matched 107,779 fugitive subjects from incoming Federal, state, and local

warrant files and referred them to law enforcement for apprehension and warrant verification. AMFED referred 94,641 fugitive subjects for benefit suspension. Through data sharing efforts, 11,847 fugitives were apprehended.

The workloads have significantly increased over the years. In FY 2008, the fugitive enforcement backlog increased to over 30,000 open subjects, and the allegation backlog grew to 6,000 pending allegations with aged dates older than 90 days. Technological improvements have helped alleviate some of the burden, but they cannot replace our need for qualified staff in this area. The OIG needs stable funding both to replace SSA/OIG employees who retire or resign, and to build upon the success of this division.

Civil Monetary Penalty Program

OIG improves SSA program integrity through its administration of the Civil Monetary Penalty (CMP) enforcement statutes. This authority, delegated by the Commissioner of Social Security, allows OIG to impose CMPs against violators of sections 1129 and 1140 of the *Social Security Act*. Section 1140 of the Act enables OIG to impose penalties against individuals or entities that use SSA's program words, letters, symbols, or emblems in advertisements or other communications in a misleading manner that falsely implies SSA's approval, endorsement, or authorization. Section 1129 of the Act allows for the imposition of a CMP against those who make false statements, representations, or omissions in connection with obtaining or retaining DI benefits or SSI payments. Section 1129 also allows for CMPs against representative payees who misuse benefits or payments. In FY 2008, the OIG CMP program successfully closed over 250 cases resulting in penalties and assessments exceeding \$6.4 million.

SSA'S SIGNIFICANT MANAGEMENT ISSUES

OIG annually identifies the most significant management issues facing SSA based on congressional mandates and its 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
5. Systems Security and Critical Infrastructure Protection
6. Service Delivery and Electronic Government

The FY 2010 budget provides resources needed to address each of these issues. 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. Because the SSN is so heavily relied upon as an identifier, it is also valuable as an 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.

SSA has made significant strides in providing greater protection for the SSN. However, OIG is concerned that SSA has few mechanisms to curb the unnecessary collection and use of SSNs. OIG's audit and investigative work has confirmed that the more SSNs are unnecessarily used, the higher the probability that these numbers could be used to commit crimes throughout society.

Issue #2: Management of the Disability Process

Modernizing Federal disability programs, including SSA's disability programs, has been included on the Government Accountability Office's (GAO) high-risk list since FY 2003 due in part to outmoded concepts of disability, as well as ongoing challenges to make timely, accurate, and consistent decisions. Moreover, at the forefront of congressional and agency concern, is the timeliness of SSA's disability decisions at the hearings adjudicative level.

SSA's Office of Disability Adjudication and Review (ODAR) FY 2008 Semiannual Report detailed a plan to eliminate the backlog of hearing requests and prevent its recurrence. The plan focused on (1) expanding compassionate allowances; (2) improving hearing office procedures; (3) increasing adjudicatory capacity; and (4) increasing efficiency with automation and improved business processes. OIG will continue to monitor the agency's activities in this area and will offer recommendations through its continued audit work.

OIG continues to work with SSA to address the integrity of the disability programs through the Cooperative Disability Investigations (CDI) Program. The CDI Program's mission is to obtain evidence that can resolve questions of fraud in SSA's disability claims. From its inception in FY 1998 through January 2009, CDI efforts nationwide have resulted in over \$1.2 billion in projected savings to SSA's Title II and Title XVI disability programs and over \$718.5 million in projected savings to non-SSA programs.

Issue #3: Improper Payments and Recovery of Overpayments

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 must 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.

Since SSA is responsible for issuing timely benefit payments for complex entitlement programs to millions of people, even the slightest error in the overall process can result in millions of dollars in over- or underpayments. In FY 2008, SSA issued over \$645 billion in Old-Age, Survivors and Disability Insurance (OASDI) and SSI benefit payments to nearly 55 million people. A January 2008 Office of Management and Budget (OMB) report, *Improving the Accuracy and Integrity of Federal Payments*, noted that nine Federal programs—including SSA's OASDI and SSI programs—accounted for more than 90 percent of the improper payments in FY 2007.

The reduction of improper payments is one of SSA's key strategic objectives. Further, Congress passed the *Improper Payments Information Act of 2002*, and OMB issued implementing guidance clarifying the definition of an improper payment. The Act defined OMB's authority to require that agencies track programs with low error rates (that is, less than 2.5 percent), but significant improper payment amounts.

SSA has been working to improve its ability to prevent over- and underpayments by agreeing to, and then implementing, OIG audit recommendations. For example, in July 2008, we issued an audit report titled Supplemental Security Income: Recipients With Excess Income and/or Resources. In that report we estimated that overpayments totaling approximately \$409 million went undetected because about 68,966 SSI recipients did not inform SSA of their changes in income and/or resources. SSA has been responsive to our recommendation that it obtain detailed electronic bank statement information to prevent overpayments of approximately \$169 million each year which are caused by recipients who have unreported income and/or resources above the maximum allowable amounts.

The OIG has issued a report on overpayments in SSA's disability programs, estimating that SSA had not detected about \$3.2 billion in overpayments; we also estimated that SSA paid about \$2.1 billion in benefits annually to potentially ineligible beneficiaries. Although SSA tries to achieve a balance between stewardship and service, it is a challenge due to the funding needed for the agency to conduct an adequate number of both medical and work-related Continuing Disability Reviews (CDRs). Although the agency had special funding for CDRs from FYs 1996 through 2002, and SSA's data shows that CDRs save about \$10 for every \$1 spent, the agency has cut back on this workload.

We will continue to work with SSA to identify improper payments in its programs and recommend improvements to prevent them from occurring in the future.

Issue #4: Internal Control Environment

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

From FYs 2000 through 2008, OIG conducted 72 administrative cost audits for SSA's State Disability Determination Services. In 40 of the 70 audits, OIG identified internal control weaknesses. 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. Contracting is one mechanism Federal agencies use in managing increasing workloads with diminished levels of staff. OIG will review multiple contracts to ensure SSA is receiving the services for which it is paying and that there are proper internal controls in place to ensure effective oversight of contractors. Additionally, we will review a number of the grants SSA provides for research and demonstration efforts involving SSA's Old Age, Survivors and Disability Insurance and SSI programs.

Issue #5: Systems Security and Critical Infrastructure Protection

The vulnerability of critical infrastructures and the unique risks associated with networked computing have been recognized for some time. SSA's information security challenge is to understand and mitigate system vulnerabilities. SSA must ensure the security of sensitive data such as PII; otherwise, the public will be justifiably reluctant to use SSA's electronic services. Under the Federal Information Security Management Act (FISMA), OIG independently evaluates SSA's security program. Since the inception of FISMA, OIG has worked with the agency to resolve numerous security issues. Even though SSA is substantially compliant with the OMB FISMA requirements, there are several system security areas that the agency could improve upon.

One of SSA's most important assets is the sensitive information in its databases. To ensure effective use of these databases in the future, SSA is converting them from legacy systems to more commercially used applications. This will take several years to complete. Additionally, in recent years, the need for a robust disaster recovery strategy has become increasingly important. To ensure the agency can recover its mission critical applications in the event of a disaster, SSA built a data support center to both handle some of the current workload of SSA's primary NCC and to provide a fail-safe in the event of a significant incident. SSA took occupancy of this facility in January 2009. Because of the importance of this support center, we plan to continue to monitor SSA's progress.

Further, technology is the foundation for SSA's current and future ability to provide services to the public while facing both dramatic workload growth and an employee retirement wave. SSA's NCC houses the infrastructure to support these services and ensuring the system's availability is essential for the agency to achieve its core business goals. In FY 2008, SSA commissioned a feasibility study of the NCC. The resulting report noted that the NCC is a 30 year old facility with a number of key electrical and mechanical systems which are nearing the end of their useful lives. It also noted that there were a number of single-points-of-failure in the current facility, many of which could not be fixed without significant risk of unscheduled outages and it concluded that the "failure of critical infrastructure items...pose a significant risk to the continuity of SSA's operations." These outages would cause a lengthy disruption of service to the public which relies on the agency's programs to provide a vital part of the nation's safety net on a 24/7 basis. The study also raised concerns that, based on current trends, the current NCC facility will reach maximum electrical distribution capacity in 2 to 4 years. In response to these concerns, SSA has received \$500 million in Recovery Act resources to replace the NCC.

In FY 2009, we will conduct several reviews to monitor SSA's response to the feasibility study and any actions taken towards replacement of the NCC. Moreover, OIG will continue to monitor SSA's efforts to protect PII, as well as its implementation of new technologies, to make certain the information security program is operating effectively. To provide oversight and accountability of the additional funding provided to SSA for replacement of the NCC, we will also conduct, supervise, and coordinate additional audits and evaluations involving the use of these funds for the planning, acquisition, management, and disposal of assets. Specifically, we will conduct: an evaluation of SSA management's determination of the appropriate strategy to replace the NCC; an evaluation of SSA's actions to implement a time-phased action plan to

replace the NCC; an assessment of the actions taken by SSA to determine whether the agency received value for the funds expended; and an assessment of SSA's plan and actions to ensure proper oversight of infrastructure requirements.

Issue #6: Service Delivery and Electronic Government

In SSA's FYs 2008-2013 strategic plan, the agency identified its employees and information technology as key foundational elements, stating that it must invest in developing and supporting its employees and its information technology because they are essential to everything the agency does. SSA's strategic plan also identified certain actions that must be taken to preserve the public's trust and confidence in the agency's programs. These actions include the need to move forward aggressively with process, policy, and systems improvement.

This management challenge includes such areas as the Representative Payee Process, Electronic Government, and Managing Human Capital.

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. SSA reports that there are approximately 5.4 million representative payees who manage about \$52.7 billion in annual benefit payments for approximately 7.2 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. In a July 2007 study, the National Academy of Science (NAS) reported that SSA's current methods to detect misuse of benefits by representative payees are not reliable. As such, NAS recommended that SSA target its reviews to those representative payees most likely to misuse benefits. In FY 2009, we plan to complete two such targeted reviews of representative payees who are likely to commit misuse. One of our reviews will determine whether certain characteristics of representative payees as identified by NAS result in an increased risk of misuse. In another review, we will determine whether individual representative payees who act as organizations or operate "group homes" need increased monitoring. During FY 2009, we also plan to conduct audits of specific individual representative payees serving a large number of beneficiaries. These audits are intended to determine whether the large number of beneficiaries served by a single individual payee receive the support and benefit that their payments are intended to deliver.

Electronic Government

Electronic Government has changed the way Government operates and the way citizens relate to Government. SSA is developing a wide range of Electronic Services (eServices) to improve its service to the public and to respond to the increase in baby boomer retirement and disability claims, while at the same time addressing large, existing backlogs. As SSA continues to expand its use of electronic services, OIG will continue to assist SSA by offering recommendations through the audit process.

Managing Human Capital

Like many other Federal agencies, SSA is being challenged to address its human capital shortfalls. As of March 2008, GAO continued to identify strategic human capital management on its list of high-risk Federal programs and operations. By the end of 2012, SSA projects its DI rolls will have increased by 35 percent. Further, the agency projects 53 percent of its employees

will be eligible to retire by FY 2017. It is expected this will result in a loss of institutional knowledge that will affect SSA's ability to deliver quality service to the public. The agency acknowledges that these two issues combined with a growing workload, technological advances, increased diversity, and changes in economic conditions will have a significant impact on the agency's workforce, the public's expectations, and the agency's ability to meet those expectations. OIG will continue to monitor the agency's activities in this area and will offer recommendations through its continued audit work.

MONETARY BENEFITS

In FY 2008, OIG issued 108 audit reports with recommendations, identifying over \$2.4 billion in questioned costs and over \$1.1 billion in Federal funds that could be put to better use. OIG also received 121,000 allegations of fraud, effected 2,100 criminal convictions, and obtained a return of over \$370 million in investigative accomplishments, comprised of over \$69 million in SSA recoveries, restitutions, fines, settlements, and judgments, and over \$300 million in projected SSA savings. Our FY 2010 funding will enable us to issue timely reports, provide training required by Government Auditing Standards, and cover mission-critical travel.

STRATEGIC PLANNING

FY 2008 was the third year under OIG's 5-year Strategic Plan. OIG operates within a framework set by three general goals: the *Impact* OIG's investigations, audits, and legal activities have on SSA's effectiveness and efficiency; the *Value* OIG brings to SSA, Congress, and the public; and the strategies OIG uses to cultivate the talents of its *People*. These general goals are further broken down into 14 separate performance measures. All of these measures are designed to support OIG's core mission to inspire public confidence by detecting and preventing fraud, waste, and abuse in SSA's programs and operations. For FY 2008, OIG successfully met the targets for 12 performance measures. The specific results for FY 2008 are as follows:

Table 4.2—2008 Performance Measure Results

Goal	Target	Result
<i>Impact</i>		
1. Maintain an annual acceptance rate of at least 85% for all recommendations.	85%	96%
2. Through FY 2010, achieve a 5-year average implementation rate of 85% for accepted recommendations aimed at improving the integrity, efficiency and effectiveness of SSA. ¹	85%	89%
3. Achieve a positive action on at least 85% of all cases closed during the FY.	85%	93%
<i>Value</i>		
4. Generate a positive return of \$6 for every tax dollar invested in OIG activities.	\$6 to \$1	\$42 to \$1
5. Evaluate and respond to 90% of all allegations received within 30 days.	90%	95%
6. Complete investigative fieldwork on 75% on all cases within 180 days.	75%	94%
7. Respond to 90% of congressional requests within 21 days.	90%	98%
8. Take action on 90% of CMP subjects within 30 days of receipt.	90%	94%
9. Achieve a positive internal and external user assessment rating of 85% for product-service quality.	85%	89%
10. Issue 75% of final audit reports within 1 year of the entrance conference with SSA.	75%	83%
11. Complete 85% of requests for legal advice and review within 30 days.	85%	99%
<i>People</i>		
12. Achieve an annual attrition rate of 5% or less.	≤ 5 %	6%
13. Conduct an annual employee job-satisfaction survey and implement corrective action plans to identify areas where improvement is needed.	81%	79%
14. Ensure that 90% of OIG staff receives 40 or more hours of appropriate developmental and skill-enhancement training annually.	90%	96%

¹ The implementation rate is the cumulative percentage for fiscal years 2003 through 2007.

TRANSFER AUTHORITY

The budget request includes language providing authority to transfer an amount of 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 to 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.

BUDGETARY RESOURCES

The OIG annual appropriation consists of appropriation from both the general fund and the trust funds. The President's budget request for FY 2010 consists of \$29,000,000 appropriated from the general fund and \$73,682,000 which will 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.

**Table 4.3—Amounts Available for Obligation
(in thousands)**

	FY 2008 Actual	FY 2009 Enacted	FY 2010 Estimate
General Funds Annual	\$ 25,989	\$ 28,000	\$ 29,000
Trust Funds Annual Transfer	\$ 65,926	\$ 70,127	\$ 73,682
Total Appropriation	\$ 91,915	\$ 98,127²	\$ 102,682
ARRA (Planned Obligations)	N/A	\$ 500	\$ 500
Total Budgetary Resources	\$ 91,915	\$ 98,627	\$ 103,182
Obligations	\$ 90,604 ³	\$ 98,627	\$ 103,182
Unobligated balance lapsing	(\$ 1,311)	(\$ 0)	\$ 0

ANALYSIS OF CHANGES

The FY 2010 request represents a \$4,555,000 increase over the FY 2009 enacted level. These increases can be attributed to annual pay raises and to an increase in base expenses for employee benefits, as well as an increase in training and support services.

Table 4.4—Summary of Changes

	FY 2009 Enacted	FY 2010 Estimate	Change
General Fund Appropriation	\$ 28,000,000	\$ 29,000,000	+ \$ 1,000,000
Trust Fund Appropriation	\$ 70,127,000	\$ 73,682,000	+ \$ 3,555,000
Total Appropriation	\$ 98,127,000	\$ 102,682,000	+ \$ 4,555,000
ARRA (Planned Obligations)	\$ 500,000	\$ 500,000	\$ 0
Total Obligations	(\$ 98,627,000)	(\$ 103,182,000)	+ \$ 4,555,000

² This amount does not reflect a transfer of \$1,378,700 from the LAE account to the OIG account in FY 2009.

³ Some FY 2008 relocation expenses were inadvertently not processed until the first quarter of FY 2009 and, as a result, did not appear on the end-of-year report. After posting those expenses, the FY 2008 obligations are \$91,633,509.

Table 4.5—Explanation of OIG Budget Changes

	FY 2009 Base		Change from Base	
	WYs (FTE)	Budgetary Resources	WYs (FTE)	Budgetary Resources
<u>BUILT-IN INCREASES</u>				
Base Payroll Expenses	614 (604)	\$ 86,760,000	-3 (1)	+ \$ 4,380,000
• Annualization of the January 2009 Federal pay increase of 3.9 percent	---	---	-3 (1)	+ \$ 620,000
• Nine-month effect of assumed 2.0 percent Federal pay increase effective January 2010	---	---	---	+ \$1,098,000
• Change in base payroll expenses related to career ladder promotions and within-grade increases	---	---	---	+ \$1,324,000
• Change in base expenses for employee benefits, including health benefits and new employees hired under the Federal Employee Retirement System (FERS)	---	---	---	+ \$1,094,000
• All other payroll changes, including overtime and awards	---	---	---	+ \$ 244,000
Non-Payroll Costs - All other built-in nonpayroll changes, including ARRA, travel management support and equipment	---	\$ 11,867,000	---	+ \$ 18,000
Subtotal, Built-in increases	614 (604)	\$ 98,627,000⁴	-3 (1)	+ \$ 4,398,000
<u>PROGRAM INCREASES</u>				
Increase for operations and maintenance of facilities and equipment	---	---	---	+ \$ 221,000
Subtotal, Program Increases	---	---	---	+ \$ 221,000
Total Increases	614 (604)	\$ 98,627,000¹	-3 (1)	+ \$ 4,619,000

Table Continues on the Next Page

⁴ This amount does not reflect a transfer of \$1,378,700 from the LAE account to the OIG account in FY 2009. It does reflect the planned use of \$500,000 of the \$2,000,000 in funds that were appropriated in FY 2009 as part of ARRA.

	FY 2009 Base		Change from Base	
	WYs (FTE)	Budgetary Resources	WYs (FTE)	Budgetary Resources
<u>BUILT-IN DECREASES</u>				
Base Payroll Expenses —Decrease in all other payroll costs, including one less paid day	---	---	---	---
Non-Payroll Costs —Decrease in rental payments to GSA	---	---	---	- \$ 64,000
Subtotal, Built-in decreases				- \$ 64,000
<u>PROGRAM DECREASES</u>				
Decrease in costs for training, other support services, and supplies				
Subtotal, Program Decreases				
Total Decreases		\$ 0		- \$ 64,000
Net Change	614 (604)	\$ 98,627,000⁵	-3 (1)	+ \$ 4,555,000

⁵ This amount does not reflect a transfer of \$1,378,700 from the LAE account to the OIG account in FY 2009. It does reflect the planned use of \$500,000 of the \$2,000,000 in funds that were appropriated in FY 2009 as part of ARRA.

BUDGET AUTHORITY BY ACTIVITY

The table below displays budget authority, split by type of funding, and obligations. This table also includes the Full Time Equivalent (FTE).

Table 4.6—Budget Authority by Activity
(in thousands)

	FY 2008 Actual	FY 2009 Enacted	FY 2010 Estimate
General Funds	\$ 25,989	\$ 28,000	\$ 29,000
OASDI Trust Fund Transfers	\$ 65,926	\$ 70,127	\$ 73,682
Total Appropriation	\$ 91,915	\$ 98,127	\$ 102,682
ARRA	N/A	\$ 2,000	N/A
Total Budgetary Authority	\$ 91,915	\$ 100,127⁶	\$ 102,682
(Obligations)	(\$ 90,604) ⁷	(\$ 98,627)	(\$ 103,182)⁸
(FTEs)	(583)	(604)	(605)

⁶ This amount does not reflect a transfer of \$1,378,700 from the LAE account to the OIG account in FY 2009.

⁷ Some FY 2008 relocation expenses were inadvertently not processed until the first quarter of FY 2009 and, as a result, did not appear on the end-of-year report. After posting those expenses, the FY 2008 obligations are \$91,633,509.

⁸ The American Recovery and Reinvestment Act (ARRA) appropriated \$2,000,000 for activities available through FY 2012. The planned obligations for FY 2009 and FY 2010 are \$500,000 each year.

BUDGET RESOURCES BY OBJECT

The table below displays the breakdown of budget resources by object class.

Table 4.7—Budget Resources by Object

	FY 2009	FY 2010	Difference
Full-time permanent	\$ 62,325,000	\$ 65,470,000	+ \$ 3,145,000
Other than full-time permanent	\$ 1,225,000	\$ 1,316,000	+ \$ 91,000
Other compensation	\$ 1,520,000	\$ 1,570,000	+ \$ 50,000
Subtotal, Personnel Compensation	\$ 65,070,000	\$ 68,356,000	+ \$ 3,286,000
Civilian personnel benefits	\$ 21,690,000	\$ 22,784,000	+ \$ 1,094,000
Total, Compensation and Benefits	\$ 86,760,000	\$ 91,140,000	+ \$ 4,380,000
Travel	\$ 2,655,000	\$ 2,780,000	+ \$ 125,000
Transportation of things	\$ 84,000	\$ 88,000	+ \$ 4,000
Rental payments to GSA	\$ 5,017,000	\$ 4,953,000	- \$ 64,000
Rental payments to others	\$ 100,000	\$ 100,000	---
Communications, utilities, and others	\$ 547,000	\$ 560,000	+ \$ 13,000
Printing and reproduction	\$ 23,000	\$ 24,000	+ \$ 1,000
Other services	\$ 2,798,000	\$ 2,848,000	+ \$ 50,000
Supplies and materials	\$ 93,000	\$ 108,000	+ \$ 15,000
Equipment	\$ 550,000	\$ 581,000	+ \$ 31,000
Total Budgetary Resources⁹	\$ 98,627,000 ¹⁰	\$ 103,182,000	+ \$ 4,555,000

⁹ The American Recovery and Reinvestment Act (ARRA) appropriated \$2,000,000 for activities available through FY 2012. The planned obligations for FY 2009 and FY 2010 are \$500,000 each year.

¹⁰ This amount does not reflect a transfer of \$1,378,700 from the LAE account to the OIG account in FY 2009.

BACKGROUND

AUTHORIZING LEGISLATION

The Office of the Inspector General is authorized necessary expenses to carry out the provisions of the Inspector General Act of 1978.

Table 4.8—Authorizing Legislation

	FY 2009 Authorized	FY 2009 Estimate	FY 2010 Authorized	FY 2010 Estimate
Office of the Inspector General (P.L. 103-296)	Indefinite	\$ 98,127,000 ¹¹	Indefinite	\$ 102,682,000

¹¹ This amount does not reflect a transfer of \$1,378,700 from the LAE account to the OIG account in FY 2009.

APPROPRIATION HISTORY

The table below displays the President's budget request, amounts passed by the House and Senate, and the actual amount appropriated for the period FY 2000 to FY 2010.

Table 4.9—Appropriation History Table

Fiscal Year	Budget Estimate to Congress	House Passed	Senate Passed	Enacted Appropriation
General Funds	\$ 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
2000 Total ¹	\$ 66,000,000	\$ 56,000,000	\$ 66,000,000	\$ 65,752,000
General Funds	\$ 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
2001 Total	\$ 73,000,000	\$ 65,752,000	\$ 69,444,000	\$ 69,444,000
General Funds	\$ 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
2002 Total ²	\$ 75,000,000	\$ 75,000,000	\$ 75,000,000	\$ 74,944,000
General Funds	\$ 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
2003 Total ³	\$ 83,000,000	\$ 83,000,000	\$ 83,000,000	\$ 82,460,500
General Funds	\$ 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
2004 Total ⁴	\$ 90,000,000	\$ 88,200,000	\$ 82,460,000	\$ 87,679,600
General Funds	\$ 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
2005 Total ⁵	\$ 92,000,000	\$ 91,107,000	\$ 92,000,000	\$ 90,378,100
General Funds	\$ 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
2006 Total ⁶	\$ 93,000,000	\$ 92,805,000	\$ 93,000,000	\$ 91,476,000
General Funds	\$ 27,000,000	\$ 25,872,000	\$ 25,740,000	\$ 25,902,000
Trust Funds	\$ 69,000,000	\$ 66,072,000	\$ 65,736,000	\$ 66,149,000
2007 Total	\$ 96,000,000	\$ 91,944,000	\$ 91,476,000	\$ 92,051,000
General Funds	\$ 27,000,000	\$ 27,000,000	\$ 28,000,000	\$ 25,988,901
Trust Funds	\$ 68,047,000	\$ 68,047,000	\$ 68,047,000	\$ 65,926,000
2008 Total ⁷	\$ 95,047,000	\$ 95,047,000	\$ 96,047,000	\$ 91,914,901
General Funds	\$ 28,000,000	\$ 28,000,000	\$ 28,000,000	\$ 28,000,000
Trust Funds	\$ 70,127,000	\$ 70,127,000	\$ 70,127,000	\$ 70,127,000
2009 Total	\$ 98,127,000	\$ 98,127,000	\$ 98,127,000	\$ 98,127,000
ARRA ⁸	N/A	N/A	N/A	\$ 2,000,000
General Funds	\$ 29,000,000			
Trust Funds	\$ 73,682,000			
2010 Total	\$ 102,682,000			

¹ 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.

² 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

³ 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.

⁴ 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.

⁵ 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.

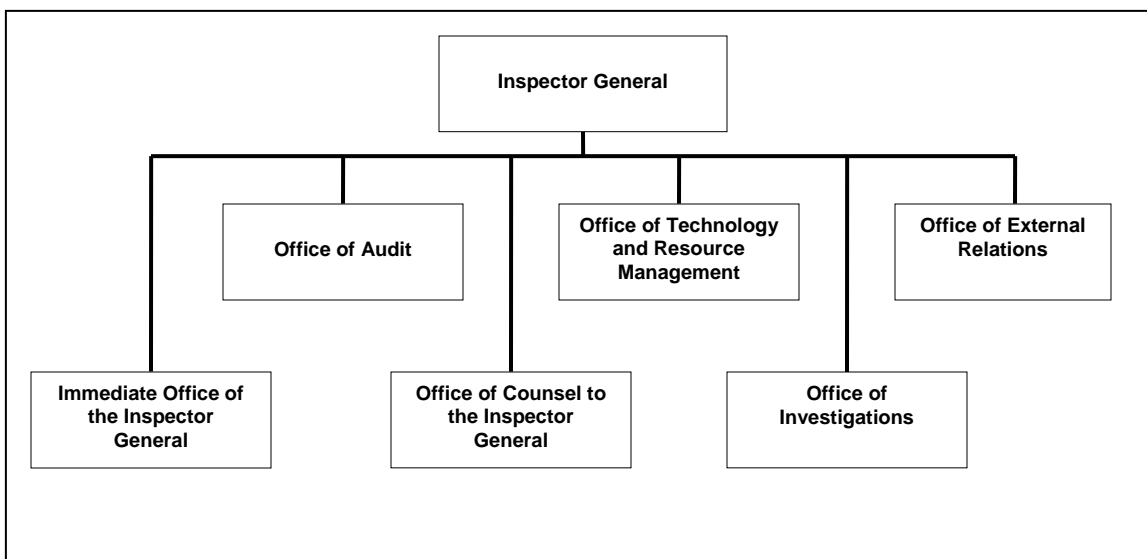
⁶ The \$26,000,000 in appropriated funds and \$66,400,000 in trust funds included in the language for this account for FY 2006 were reduced by \$260,000 and \$664,000, respectively, in accordance with P.L. 109-148.

⁷ The \$26,451,000 in appropriated funds and \$67,098,000 in trust funds included in the language for this account for FY 2008 were reduced by \$462,099 and \$1,172,000 respectively, in accordance with P.L. 110-161.

⁸ The OIG received \$2,000,000 through the American Recovery and Reinvestment Act, passed on February 17, 2009. The OIG will conduct necessary oversight and audit of SSA programs, projects, and activities, assessing whether SSA used the resources as intended by the Act, and will identify any instances of fraud, waste, error, and abuse.

OIG'S ORGANIZATIONAL STRUCTURE AND MISSION

GENERAL PURPOSE



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 works to protect them against fraud, waste, and abuse. OIG provides timely, useful, and reliable information and advice to Administration officials, Congress, and the public.

OIG is comprised of six components: The Immediate Office of the Inspector General (IO), Office of Audit (OA), Office of Counsel to the Inspector General (OCIG), Office of Technology and Resource Management (OTRM), Office of Investigations (OI), and the Office of External Relations (OER).

Immediate Office of the Inspector General

IO provides the Inspector General (IG) and the Deputy Inspector General with staff assistance on the full range of their responsibilities. The IO also administers a comprehensive Quality Assurance and Professional Responsibility program, and conducts Quality Control reviews that ensure the adequacy of OIG compliance with its policies and procedures, internal controls, and professional standards. In addition, the IO oversees the Organizational Health Committee (OHC). The purpose of the OHC is to be 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. In doing this, the committee acts as a representative of all OIG employees.

Office of Audit

Office of Audit (OA) conducts and/or supervises comprehensive financial and performance audits of SSA's programs and operations and makes recommendations to ensure that program objectives and operational functions are achieved effectively and efficiently. Financial audits, required by the *Chief Financial Officers' Act of 1990*, assess whether SSA's financial statements fairly present the agency'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 focused on issues of concern to SSA, Congress, and the general public. Evaluations often focus on identifying and recommending ways to prevent and minimize program and operational fraud, waste, and abuse, as well as inefficiency and ineffectiveness.

Office of Counsel to the Inspector General

The Office of Counsel to the Inspector General (OCIG) provides independent authoritative legal advice, guidance, and counsel to the IG and senior staff on a wide range of issues, including regulatory strategy, policy directives, and interpretation of new and emerging authorities and agency responsibilities. OCIG reviews materials to ensure sufficiency and compliance with regulatory and statutory requirements. OCIG advises the IG on investigative procedures and techniques, as well as on legal implications and conclusions to be drawn from audit and investigative material. OCIG is also responsible for the Civil Monetary Penalty (CMP) program, including imposition of penalties and assessments and the settlement and litigation of CMP cases.

Office of Technology and Resource Management

The Office of Technology and Resource Management (OTRM) provides administrative and management support to the OIG by providing information resource management; systems security and software development; and the coordination of budget, procurement, telecommunications, facilities, equipment, and human resources activities. OTRM also administers the Fugitive Felon Program and the OIG Fraud Hotline, and manages the Electronic Crimes program. In addition, OTRM is responsible for strategic planning, organizational performance management, and reporting.

Office of Investigations

The Office of Investigations (OI) conducts and coordinates investigative activity related to fraud, waste, abuse, and mismanagement in SSA programs and operations, including wrongdoing by individuals such as applicants, grantees, or contractors perpetrating criminal activity against SSA programs and operations. OI also investigates allegations of employee misconduct in the performance of their official duties. This office serves as the OIG liaison to the Department of Justice on all matters relating to investigations of SSA programs and personnel. OI works with other investigative agencies and organizations on special projects and assignments.

Office of External Relations

The Office of External Relations (OER) manages OIG's public affairs programs, develops the OIG's media and public information policies, and serves as the primary contact for those seeking information about the OIG. OER responds to inquiries from the media and the public and prepares OIG publications and presentations for internal and external organizations. OER coordinates interagency activities as well as OIG participation in SSA and other Federal events. OER also conducts dialogue and participates in negotiations with Members of Congress; coordinates input on pending and proposed legislation; gathers and disseminates information on congressional activities affecting OIG; and prepares congressional correspondence and testimony.

RATIONALE FOR THE BUDGET REQUEST

The budget request for FY 2010 is \$102,682,000 and 605 FTEs, which reflects an increase of \$4,555,000 from the FY 2009 annual appropriations level. The FY 2010 funding increase will be used for personnel costs (such as within-grade increases, Federal pay raises and benefit-rate increases) for current staff and related support costs.

Table 4.10—Detail of Full-Time Equivalent Employment and Workyears

	FY 2008 Actual	FY 2009 Estimate	FY 2010 Estimate
FTEs	583	604	605
Overtime/Lump Sum Leave	2	10	6
Total	585	614	611

Table 4.11—Average Grade and Salary

	FY 2008 Actual	FY 2009 Estimate	FY 2010 Estimate	Difference
Average ES Salary	\$ 146,600	\$ 165,500	\$ 171,000	+ \$ 5,500
Average GS Grade	12	12	12	0
Average GS Salary	\$ 97,800	\$ 102,200	\$ 106,900	+ \$ 4,700