



SOCIAL SECURITY

MEMORANDUM

Date: June 2, 2003

Refer To:

To: The Commissioner

From: Inspector General

Subject: Use of State Bureaus of Vital Statistics Records to Detect Unreported Marriages and Divorces (A-09-00-30059)

The attached final report presents the results of our audit. Our objective was to determine the usefulness of State bureaus of vital statistics records to identify beneficiaries who did not report their marriages and divorces.

Please comment within 60 days from the date of this memorandum on corrective action taken or planned on each recommendation. If you wish to discuss the final report, please call me at (410) 965-9700.



James G. Huse, Jr.

Attachment

**OFFICE OF
THE INSPECTOR GENERAL**

SOCIAL SECURITY ADMINISTRATION

**USE OF STATE BUREAUS OF
VITAL STATISTICS RECORDS
TO DETECT UNREPORTED
MARRIAGES AND DIVORCES**

June 2003

A-09-00-30059

AUDIT REPORT



Mission

We improve SSA programs and operations and protect them against fraud, waste, and abuse by conducting independent and objective audits, evaluations, and investigations. We provide timely, useful, and reliable information and advice to Administration officials, the Congress, and the public.

Authority

The Inspector General Act created independent audit and investigative units, called the Office of Inspector General (OIG). The mission of the OIG, as spelled out in the Act, is to:

- Conduct and supervise independent and objective audits and investigations relating to agency programs and operations.
- Promote economy, effectiveness, and efficiency within the agency.
- Prevent and detect fraud, waste, and abuse in agency programs and operations.
- Review and make recommendations regarding existing and proposed legislation and regulations relating to agency programs and operations.
- Keep the agency head and the Congress fully and currently informed of problems in agency programs and operations.

To ensure objectivity, the IG Act empowers the IG with:

- Independence to determine what reviews to perform.
- Access to all information necessary for the reviews.
- Authority to publish findings and recommendations based on the reviews.

Vision

By conducting independent and objective audits, investigations, and evaluations, we are agents of positive change striving for continuous improvement in the Social Security Administration's programs, operations, and management and in our own office.

Executive Summary

OBJECTIVE

Our objective was to determine the usefulness of State bureaus of vital statistics (BVS) records to identify beneficiaries who did not report their marriages and divorces.

BACKGROUND

The Social Security Administration (SSA) relies on beneficiaries to voluntarily report any changes in their marital status. Since marriage or divorce affects the relationship of a beneficiary to the worker, these changes could also affect their continuing entitlement to benefits. Prior audit work disclosed that computer matches with State BVS records may be useful to identify Old-Age, Survivors and Disability Insurance (OASDI) beneficiaries who had not reported their marriages or divorces in a timely manner. Accordingly, SSA requested that we conduct a special project to determine the effectiveness and feasibility of these computer matches.

RESULTS OF REVIEW

Our review disclosed that State BVS records from Georgia, Kansas, Oregon, and Vermont were useful to identify OASDI beneficiaries who had not reported their marriages to SSA. Furthermore, based on the results of our computer match, we found that the projected savings outweighed the related costs of purchasing and processing the marriage records. Although State BVS records may be used to identify beneficiaries who had not reported their divorces to SSA, our review disclosed that a computer match was not cost-effective for divorce records.

Using State BVS records from the four States included in our review, we found that 700 beneficiaries received \$2,716,854 in overpayments and 8 individuals received \$49,599 in overpayments because they did not report their marriages and divorces, respectively, from January 1990 to December 1998. We recognize the actual number of marriages and divorces and the availability of these records in an electronic format may vary by year and State. However, to demonstrate the potential effectiveness of matching electronic marriage records, we assumed the unreported marriages in the four States were representative of those in the United States. Accordingly, we extrapolated the results of our review to the 50 States plus Puerto Rico and the District of Columbia.

If SSA had purchased State BVS records to identify unreported marriages at the end of 1999 and each year thereafter, we estimate that SSA could have detected about \$11.9 million in OASDI overpayments on an annual basis at an estimated cost of \$1.7 million, resulting in program savings of about \$10.2 million. Over a 5-year period, we estimate that SSA could have realized about \$51.2 million in program savings,

including about \$17.3 million in the year of marriage and about \$33.9 million in subsequent years (see Appendices A and B).

RECOMMENDATIONS

We recommend that SSA conduct a survey of State BVS agencies to determine the cost of purchasing marriage records and encourage States to convert their records into an electronic format. We also recommend that SSA establish guidelines to monitor the cost-effectiveness of computer matching, work with State BVS agencies to obtain matching agreements, and purchase marriage records to identify beneficiaries who did not report their marriages. In addition, we recommend that SSA initiate corrective action on the 700 unreported marriages and 8 unreported divorces identified during our review.

AGENCY COMMENTS

In its response, SSA agreed with the potential savings resulting from the use of State BVS records to identify beneficiaries who did not report their marriages. Although SSA agreed with the cost-effectiveness of performing computer matches, it was unable to implement many of our recommendations at this time because of a lack of resources. SSA agreed to rely on other tools, including the Beneficiary Recontact Program, to identify unreported marriages. In addition, SSA agreed to continue in its efforts to work with the National Center for Health Statistics and National Association for Public Health Statistics and Information Systems to promote the reengineering of State vital records processes. SSA also stated that it had initiated corrective action on the unreported marriages and divorces identified during our review. The full text of SSA's comments is included in Appendix C.

OIG RESPONSE

We recognize that limited resources may place constraints on the Agency. However, we believe that periodic computer matches with State BVS records are necessary to reduce the Agency's vulnerability to individuals who misrepresent their marital status to receive benefits to which they are not entitled. Therefore, we encourage SSA to seek authority for additional resources to strengthen program integrity and stewardship.

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Acronyms

BVS	Bureau of Vital Statistics
HHS	Department of Health and Human Services
MBR	Master Beneficiary Record
OASDI	Old-Age, Survivors and Disability Insurance
OIG	Office of the Inspector General
SSA	Social Security Administration
SSI	Supplemental Security Income
SSN	Social Security Number

Introduction

OBJECTIVE

Our objective was to determine the usefulness of State bureaus of vital statistics (BVS) records to identify beneficiaries who did not report their marriages and divorces.

BACKGROUND

The Social Security Administration (SSA) administers the Old-Age, Survivors and Disability Insurance (OASDI) and Supplemental Security Income (SSI) programs under titles II and XVI of the Social Security Act (Act). The OASDI program provides benefits to retired and disabled workers, including their dependents and survivors. The SSI program provides benefits to financially needy individuals who are aged, blind, or disabled. In Fiscal Year 2000, the OASDI program provided cash payments of \$402.1 billion to 45.3 million beneficiaries. In addition, the SSI program provided cash payments of \$30.8 billion to 6.6 million recipients.¹

Generally, SSA relies on beneficiaries to voluntarily report any changes in their marital status. Since marriage or divorce affects the relationship of a beneficiary to the worker, these changes could also affect their continuing entitlement to benefits. For example, a divorce may affect the OASDI benefits payable to spouses of retired and disabled workers. Specifically, a divorce results in the termination of benefits for (1) spouses under age 62 with a child in-care who is under age 16 or disabled and (2) spouses age 62 or older who were married to the worker for less than 10 years before the effective date of the divorce.²

In addition, a marriage may affect the OASDI benefits payable to divorced spouses of retired and disabled workers; surviving spouses and surviving divorced spouses of deceased workers; and children of retired, deceased, and disabled workers. Specifically, a marriage results in the termination of benefits for (1) divorced spouses age 62 or older; (2) surviving spouses and surviving divorced spouses under age 60 with a child in-care who is under age 16 or disabled; and (3) children under age 18, full-time students under age 19, and disabled children over age 18. However, such benefits may not be terminated if the marriage is to another beneficiary.³

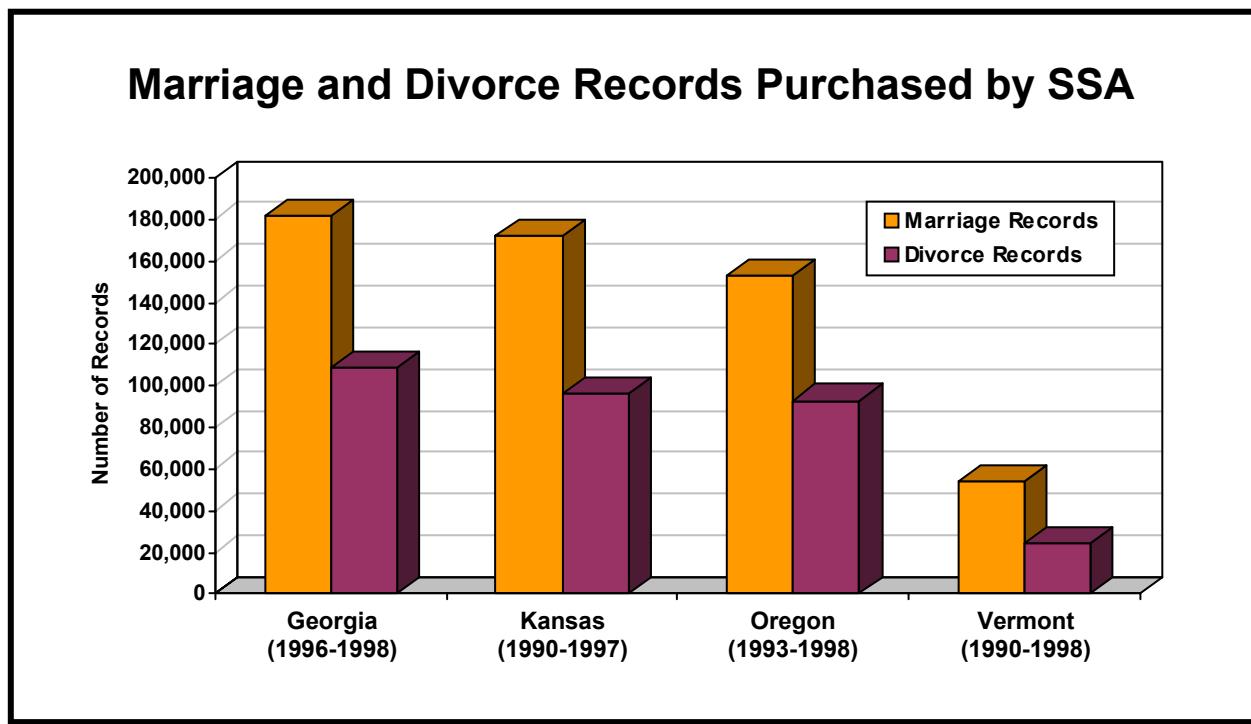
¹ Social Security Administration, *Performance and Accountability Report for Fiscal Year 2000*, at 4, 5.

² Social Security Act, as amended, §§ 202(b)(1) and (c)(1), 42 U.S.C. §§ 402(b)(1) and (c)(1).

³ Social Security Act, as amended §§ 202(b)(1) through (d)(1) and (g)(1), 42 U.S.C. §§ 402(b)(1) through (d)(1) and (g)(1).

A marriage or divorce may also affect an individual's SSI eligibility and payment amount. For example, a marriage or divorce could affect the living arrangements and deeming of income between SSI recipients and their spouses. When both individuals receive SSI payments and live together, the total payments are reduced by 25 percent. When one individual receives SSI payments, the spouse's income is deemed available to meet the SSI recipient's needs. Based on the amount, such income may reduce or eliminate the individual's SSI payments.⁴

Prior audit work disclosed that computer matches with State BVS records may be useful to identify OASDI beneficiaries who had not reported their marriages or divorces in a timely manner.⁵ Accordingly, SSA requested that we conduct a special project to determine the effectiveness and feasibility of these computer matches. As part of the special project, SSA purchased 560,256 marriage records and 321,717 divorce records from Georgia, Kansas, Oregon, and Vermont. In addition, SSA entered into matching agreements with each of these States.⁶ A breakdown of the State BVS records purchased by SSA is provided below.



⁴ 20 C.F.R. §§ 416.410, 416.412, 416.432, and 416.1160.

⁵ Office of Inspector General, Department of Health and Human Services, *Using Computerized Files to Detect Unreported Marriages*, Pub. No. A-09-87-00052 (April 20, 1988); Office of the Inspector General, Social Security Administration, *Identification of Reported Name Changes That Affect Auxiliary Benefits Under Title II of the Social Security Act*, Pub. No. A-01-94-02001 (June 14, 1996).

⁶ *The Computer Matching and Privacy Protection Act of 1988*, Pub. L. No. 100-503, § 2, establishes procedures to follow in computer-matching activities. Among these procedures are the negotiation of written agreements between the participating agencies, the notification of individuals that their records are subject to matching, and the verification of findings before taking actions that impact payments.

Using these records, we initially performed computer matches to identify OASDI beneficiaries and SSI recipients who did not report any changes in their marital status to SSA. Our survey results disclosed a number of unreported marriages for OASDI beneficiaries. However, for the SSI cases, we found evidence that SSA was generally aware of the marriages. In addition, because of the elapsed time since the date of marriage and the difficulty in establishing living arrangements, we were unable to identify any overpayments or determine whether SSA had properly resolved these cases. As a result, we subsequently focused our review on the OASDI cases.

SCOPE AND METHODOLOGY

To accomplish our objective, we:

- reviewed the applicable sections of the Act, Code of Federal Regulations, United States Code, and SSA's Program Operations Manual System;
- interviewed SSA employees from the Offices of the Chief Actuary, Program Benefits, Public Service and Operations Support, and Quality Assurance and Performance Assessment;
- reviewed matching agreements from Georgia, Kansas, Oregon, and Vermont for disclosure of marriage and divorce records to SSA;
- obtained electronic copies of State BVS records for marriages and divorces in Georgia, Kansas, Oregon, and Vermont;
- entered the marriage and divorce records into SSA's Enumeration Verification System to identify the Social Security numbers (SSN) of individuals based on their full name and date of birth;
- matched the SSNs against SSA's Master Beneficiary Record (MBR) to determine whether individuals received benefits after the date of marriage or divorce;
- obtained queries from SSA's MBR and Payment History Update System to determine whether individuals received overpayments and, if so, whether these overpayments were offset against underpayments due other individuals in the same family;
- obtained unit cost data for purchasing, processing, and verifying death records from State BVS agencies;
- evaluated the cost-effectiveness of computer matches with State BVS records to identify unreported marriages and divorces;
- obtained statistical data for marriages and divorces in the United States from January 1998 to December 2000;

- extrapolated overpayments and program savings for Georgia, Kansas, Oregon, and Vermont to the 50 States plus Puerto Rico and the District of Columbia; and
- referred cases to SSA's Headquarters for corrective action, including termination of benefits and recovery of overpayments.

We performed audit work in Baltimore, Maryland, and Richmond, California, between October 2000 and May 2002. The entity audited was the Office of Program Benefits within the Office of the Deputy Commissioner for Disability and Income Security Programs. We conducted our audit in accordance with generally accepted government auditing standards.

Results of Review

Our review disclosed that State BVS records from Georgia, Kansas, Oregon, and Vermont were useful to identify OASDI beneficiaries who had not reported their marriages to SSA. Furthermore, based on the results of our computer match, we found that the projected savings outweighed the related costs of purchasing and processing the marriage records. Although State BVS records may be used to identify beneficiaries who had not reported their divorces to SSA, our review disclosed that a computer match was not cost-effective for divorce records.⁷

***Computer Match
Identified \$2.7 Million
in Overpayments***

Using State BVS records from the four States included in our review, we found that 700 beneficiaries received \$2,716,854 in OASDI overpayments because they did not report their marriages from January 1990 to December 1998.

In addition, eight individuals received \$49,599 in OASDI overpayments because they did not report their divorces from January 1990 to December 1998. If SSA had purchased State BVS records to identify unreported marriages at the end of 1999 and each year thereafter, we estimate that SSA could have detected about \$570,553 in OASDI overpayments on an annual basis at an estimated cost of \$79,630, resulting in program savings of about \$490,923. Over a 5-year period, we estimate that SSA could have realized about \$2.4 million in program savings, including about \$0.8 million in the year of marriage and about \$1.6 million in subsequent years (see Appendix A).

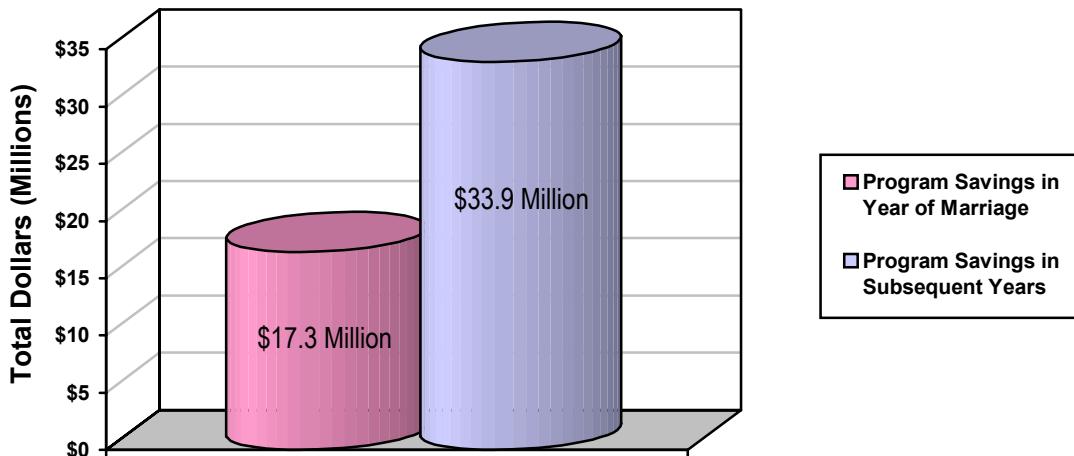
We recognize the actual number of marriages and divorces may vary from year to year and State to State. We also recognize that some States may not retain marriage and divorce records in an electronic format. However, to demonstrate the potential effectiveness of matching electronic marriage records, we assumed the unreported marriages in the four States were representative of those in the United States.

Accordingly, we extrapolated the results of our review to the 50 States plus Puerto Rico and the District of Columbia. If SSA had purchased State BVS records to identify unreported marriages at the end of 1999 and each year thereafter, we estimate that SSA could have detected about \$11.9 million in OASDI overpayments on an annual basis at an estimated cost of \$1.7 million, resulting in program savings of about \$10.2 million. Over a 5-year period, we estimate that SSA could have realized about \$51.2 million in program savings, including about \$17.3 million in the year of marriage and about \$33.9 million in subsequent years (see Appendix B). The improper payments are illustrated in the following chart.

⁷ Our review was initiated at the request of SSA after it had entered into matching agreements and purchased marriage and divorce records from four States. Using this data, we evaluated the feasibility of performing computer matches to identify beneficiaries who did not report changes in their marital status. Accordingly, our report provides a cost-benefit analysis of the estimated overpayments, workload costs, and program savings resulting from these computer matches if the four States in our review are representative of the United States.

Unreported Marriages Resulting in Overpayments

Estimated 5-Year Savings for the United States



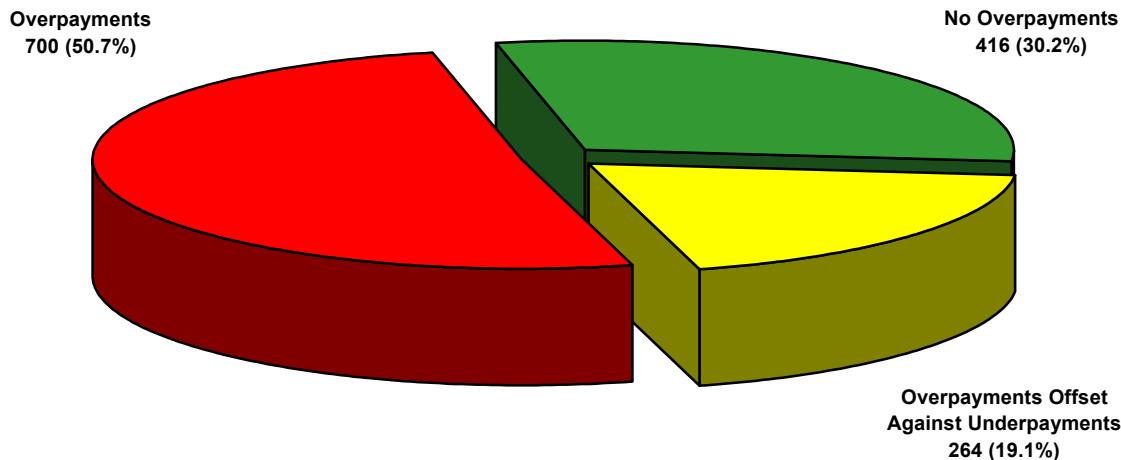
UNREPORTED MARRIAGES

Our review of 560,256 marriage records in Georgia, Kansas, Oregon, and Vermont disclosed that 1,380 beneficiaries did not report their marriages from January 1990 to December 1998. For 700 of the 1,380 beneficiaries (50.7 percent), we determined that the marriages resulted in overpayments that SSA should have recovered. These cases were referred to SSA for corrective action, including termination of benefits and recovery of overpayments. For 264 beneficiaries (19.1 percent), the marriages resulted in overpayments that should have been offset against underpayments due other individuals in the same family. As a result, these marriages did not affect the amount of benefits the Agency paid.⁸ For the remaining 416 beneficiaries (30.2 percent), the marriages did not result in overpayments because the individuals were generally neither entitled to benefits nor in current pay status on the date of marriage. The following chart summarizes the results of our computer match for unreported marriages.

⁸ In these instances, SSA adjusts its payment records but does not pursue recovery actions because the total benefits paid to the family are not affected. Accordingly, we excluded these cases from our cost-benefit analysis. To determine the feasibility of computer matches to identify unreported marriages, we included only the 700 overpayments subject to recovery actions.

Summary of Unreported Marriages

Kansas, Georgia, Oregon, and Vermont



Improper Payments

Based on the results of our computer match, we found that 700 individuals received \$2,716,854 in payments to which they were not entitled. Of this amount, SSA disbursed \$1,016,103 (37.4 percent) in the year of marriage and \$1,700,751 (62.6 percent) in subsequent years. Generally, these individuals consisted of children under age 18, full-time students under age 19, disabled children over age 18, and surviving spouses (including divorced spouses) under age 60 with a child in-care. In some instances, the beneficiaries did not report their marriages in a timely manner. However, in other instances, the beneficiaries did not report their marriages at all. Since SSA was unaware of such events, some of the overpayments went undetected for over 120 months after the date of the marriage.

One Beneficiary Received \$77,708 in Overpayments

For example, one individual received benefits as the surviving child of his deceased father in November 1979. SSA terminated benefits in June 1987, when he reached age 19. In February 1990, the individual received benefits as

a disabled adult child. However, in August 1990, he married a nonbeneficiary without reporting the event to SSA. Our computer match disclosed that the marriage should have resulted in the termination of benefits. In January 2001, we referred the case to SSA for corrective action. Although SSA terminated benefits in June 2001, the marriage went undetected for 130 months. If marriage records were purchased at the end of 1990, SSA could have established \$2,573 in overpayments during the year of marriage and avoided \$75,135 in overpayments during subsequent years. As of May 2002, SSA had not recovered overpayments of \$76,910.

To prevent future occurrences of similar problems, we believe SSA should not always rely on beneficiaries to report their marriages in a timely manner. Our review disclosed that many of these marriages were neither reported by beneficiaries nor detected by SSA. Additional controls are necessary to provide for timely identification of marriages that affect the continuing entitlement to benefits. As a result, we believe SSA should periodically perform computer matches with State BVS records to independently verify the marital status of its beneficiaries.

Lessons Learned

SSA needs to strengthen its controls and procedures to improve program integrity and deter fraud, waste, and abuse. Therefore, we encourage SSA to conduct a survey of State BVS agencies to determine the cost of purchasing marriage records in an electronic format. Where such records are unavailable, SSA should encourage State BVS agencies to convert their marriage records into an electronic format. Our review disclosed that only two data elements (full name and date of birth) were required to produce a valid match. Although other data elements (SSN and mother's maiden name) may facilitate the computer match, these items were not necessary to identify beneficiaries who did not report their marriages to SSA.

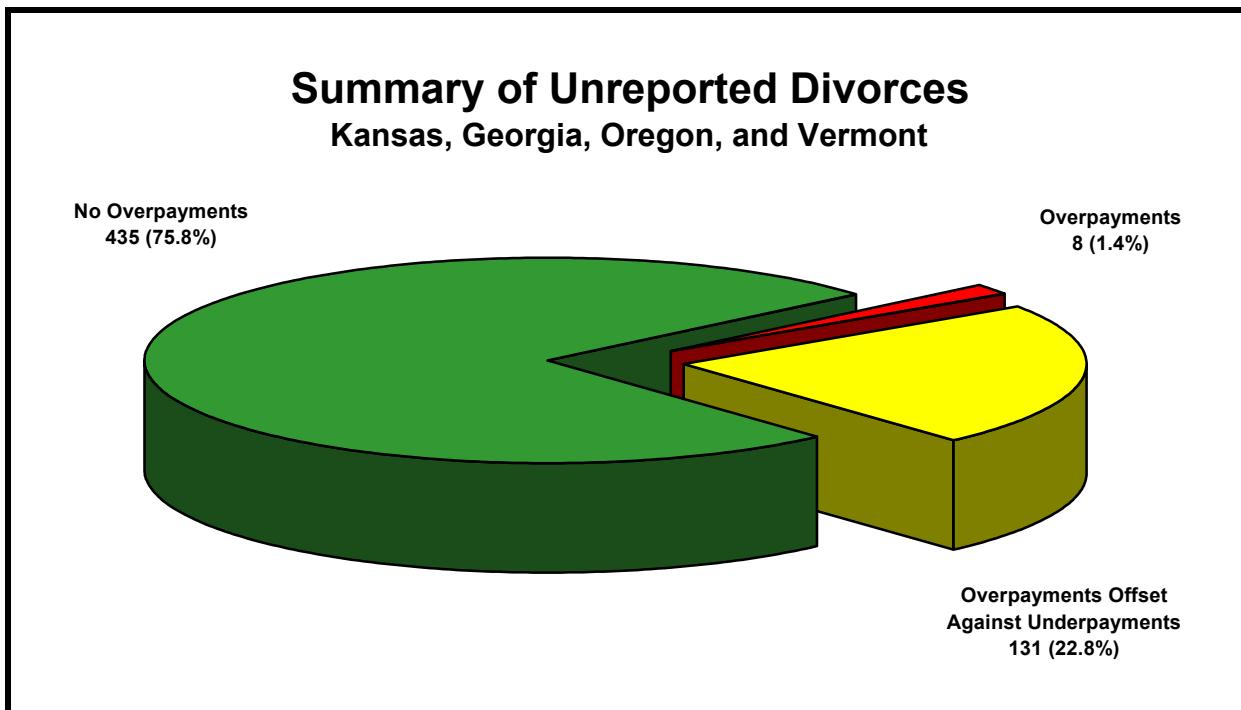
Based on the survey results, SSA should establish guidelines for computer matching of State marriage records against SSA's beneficiary records. These guidelines should include provisions for (1) determining the frequency of purchasing the marriage records and (2) monitoring the cost-effectiveness of performing the computer matches. We believe State BVS records should be purchased annually to provide for early detection of unreported marriages and minimize the amount of overpayments. However, if States offer volume discounts based on the number of marriage records, it may be more cost-effective to purchase such records less frequently.

We also encourage SSA to work with State BVS agencies to obtain matching agreements for marriage records. In Georgia, Kansas, Oregon, and Vermont, we found the matching agreements restricted the disclosure of marriage records to SSA for limited purposes (that is, to verify program eligibility and payment amounts for beneficiaries). Furthermore, the agreements prohibited the distribution of such records within or outside of the Agency. We believe the matching agreements should include the authority for the Office of the Inspector General (OIG) to use marriage records for criminal investigations.

Upon completion of the matching agreements, SSA should periodically purchase marriage records and perform computer matches to identify beneficiaries who did not report their marriages to SSA. In addition, we encourage SSA to develop procedures to ensure timely processing of unreported marriages identified through computer matches with State BVS records. These procedures should, at a minimum, require SSA's field offices and processing centers to contact the beneficiary's residence and obtain supporting documentation (for example, a marriage certificate) to verify whether the marriage resulted in the termination of benefits.

UNREPORTED DIVORCES

Our review of 321,717 divorce records in Georgia, Kansas, Oregon, and Vermont disclosed that 574 beneficiaries did not report their divorces from January 1990 to December 1998. For 8 of the 574 beneficiaries (1.4 percent), we determined the divorces resulted in overpayments that SSA should have recovered. These cases were referred to SSA for corrective action, including termination of benefits and recovery of overpayments. For 131 beneficiaries (22.8 percent), the divorces resulted in overpayments that should have been offset against underpayments due other individuals in the same family. As a result, these divorces did not affect the amount of benefits paid by the Agency. For the remaining 435 beneficiaries (75.8 percent), the divorces did not result in overpayments because the individuals were generally neither entitled to benefits nor in current pay status on the date of divorce. The following chart summarizes the results of our computer match for unreported divorces.



Based on the results of our computer match, we found that eight individuals received \$49,599 in payments to which they were not entitled. Of this amount, SSA disbursed \$8,771 (17.7 percent) in the year of divorce and \$40,828 (82.3 percent) in subsequent years. Generally, these individuals consisted of spouses under age 62 with a child in-care and spouses age 62 or older who were married less than 10 years before the divorce. To identify these overpayments, we estimate that SSA would incur \$218,057 in workload costs to purchase and process the divorce records for Georgia, Kansas, Oregon, and Vermont. Because of the low error rate, the projected savings do not outweigh the related costs of purchasing and processing the divorce records. As a result, our review disclosed that a computer match was not cost-effective for divorce records.

Conclusions and Recommendations

Using State BVS records from Georgia, Kansas, Oregon, and Vermont, we found that 700 beneficiaries received \$2,716,854 in OASDI overpayments because they did not report their marriages from January 1990 to December 1998. In addition, eight individuals received \$49,599 in OASDI overpayments because they did not report their divorces from January 1990 to December 1998. We recognize the actual number of marriages and divorces may vary from year to year and State to State. We also recognize that some States may not retain marriage and divorce records in an electronic format.

However, to demonstrate the potential effectiveness of matching electronic marriage records, we assumed the unreported marriages in the four States were representative of those in the United States. Accordingly, we extrapolated the results of our review to the 50 States plus Puerto Rico and the District of Columbia. If SSA had purchased State BVS records to identify unreported marriages at the end of 1999 and each year thereafter, we estimate that SSA could have detected about \$11.9 million in OASDI overpayments on an annual basis at an estimated cost of \$1.7 million, resulting in program savings of about \$10.2 million. Over a 5-year period, we estimate that SSA could have realized about \$51.2 million in program savings, including about \$17.3 million in the year of marriage and about \$33.9 million in subsequent years (see Appendices A and B).

RECOMMENDATIONS

We believe that SSA needs to implement a more proactive system to identify beneficiaries who do not report their marriages in a timely manner. By performing a periodic computer match with State BVS records, SSA would improve its stewardship of the program and reduce the overpayments resulting from unreported marriages. Such a system should also reduce the vulnerability of the Agency to individuals who misrepresent their marital status to receive benefits to which they are not entitled. Therefore, we recommend that SSA:

1. Conduct a survey of State BVS agencies to determine the cost of purchasing marriage records in an electronic format. These records should, at a minimum, contain the full name and date of birth for each individual.
2. Where computerized records are unavailable, encourage State BVS agencies to convert their marriage records into an electronic format.

3. Establish guidelines for purchasing the State marriage records and monitoring the cost-effectiveness of performing computer matches against SSA's beneficiary records.
4. Work with State BVS agencies to obtain matching agreements that include the authority for OIG to use such records, where potentially fraudulent activity is suspected, for criminal investigations.
5. Periodically purchase marriage records and perform computer matches to identify beneficiaries who did not report their marriages to SSA.
6. Develop procedures to ensure timely processing of unreported marriages identified through computer matches with State BVS records.
7. Initiate corrective action, including termination of benefits and recovery of overpayments, for the 700 unreported marriages and 8 unreported divorces identified during our review.

AGENCY COMMENTS

In its response, SSA agreed with the potential savings resulting from the use of State BVS records to identify beneficiaries who did not report their marriages. Although SSA agreed with the cost-effectiveness of performing computer matches, it was unable to implement many of our recommendations at this time because of a lack of resources. SSA agreed to rely on other tools, including the Beneficiary Recontact Program, to identify unreported marriages. In addition, SSA agreed to continue in its efforts to work with the National Center for Health Statistics and National Association for Public Health Statistics and Information Systems to promote the reengineering of State vital records processes. SSA also stated that it had initiated corrective action on the unreported marriages and divorces identified during our review. The full text of SSA's comments is included in Appendix C.

OIG RESPONSE

We recognize that limited resources may place constraints on the Agency. However, we believe that periodic computer matches with State BVS records are necessary to reduce the vulnerability of the Agency to individuals who misrepresent their marital status to receive benefits to which they are not entitled. Therefore, we encourage SSA to seek authority for additional resources to strengthen program integrity and stewardship.

Appendices

Cost-Benefit Analysis for Four States

The Social Security Administration (SSA) requested that we conduct a special project to determine the usefulness of State bureaus of vital statistics (BVS) records to identify beneficiaries who did not report their marriages in a timely manner. As part of the special project, SSA purchased marriage records from four States (Georgia, Kansas, Oregon, and Vermont) located in the Southeastern, Midwestern, Western, and Northeastern United States (see Table A-1).

Table A-1 – Marriage Records Purchased by SSA

State	Years	Number of Years	Marriage Records
Georgia	1996 - 1998	3	181,676
Kansas	1990 - 1997	8	172,015
Oregon	1993 - 1998	6	152,675
Vermont	1990 - 1998	9	53,890
Total			560,256

Our review of 560,256 marriage records in Georgia, Kansas, Oregon, and Vermont disclosed that 1,380 beneficiaries did not report their marriages from January 1990 to December 1998. Of this amount, we found that 700 marriages resulted in overpayments that SSA should have recovered. Another 264 marriages resulted in overpayments that should have been offset against underpayments due other individuals in the same family. As a result, these marriages did not affect the amount of benefits paid by the Agency. In addition, 416 marriages did not result in overpayments because the individuals were generally neither entitled to benefits nor in current pay status on the date of marriage (see Table A-2).

Table A-2 – Unreported Marriages Per Computer Match

State	Unreported Marriages	Without Overpayments	Overpayments Offset Against Underpayments	With Overpayments
Georgia	637	164	130	343
Kansas	458	185	71	202
Oregon	221	48	49	124
Vermont	64	19	14	31
Total	1,380	416	264	700

Based on the results of our computer match, we determined that 700 beneficiaries received \$2,716,854 in payments to which they were not entitled. Of this amount, SSA disbursed \$1,016,103 in the year of marriage and \$1,700,751 in subsequent years (see Table A-3).

Table A-3 – Overpayments Per Computer Match

State	Overpayments in Year of Marriage	Overpayments in Subsequent Years	Total Overpayments
Georgia	\$540,956	\$515,817	\$1,056,773
Kansas	280,049	889,261	1,169,310
Oregon	154,560	162,265	316,825
Vermont	40,538	133,408	173,946
Total	\$1,016,103	\$1,700,751	\$2,716,854

The number of years for which SSA purchased marriage records varied by State. We calculated the average number of unreported marriages per year by dividing the total number of unreported marriages (see Table A-2) by the number of years for which marriage records were purchased (see Table A-1). Assuming that all variables remained constant, we estimate that SSA would identify 313 unreported marriages annually (see Table A-4).

Table A-4 – Unreported Marriages Per Year

State	Unreported Marriages	Number of Years	Average Per Year
Georgia	637	3	212
Kansas	458	8	57
Oregon	221	6	37
Vermont	64	9	7
Total	1,380		313

We also calculated the average number of unreported marriages resulting in overpayments per year by dividing the number of unreported marriages with overpayments (see Table A-2) by the number of years for which marriage records were purchased (see Table A-1). Assuming that all variables remained constant, we estimate that 163 unreported marriages resulted in overpayments annually (see Table A-5).

Table A-5 – Unreported Marriages with Overpayments Per Year

State	Marriages with Overpayments	Number of Years	Average Per Year
Georgia	343	3	114
Kansas	202	8	25
Oregon	124	6	21
Vermont	31	9	3
Total	700		163

OVERPAYMENTS

We calculated the average overpayments in the year of marriage by dividing the overpayments through December of the year of marriage (see Table A-3) by the number of years for which marriage records were purchased (see Table A-1). Assuming that all variables remained constant, we estimate that SSA would disburse \$245,589 in overpayments annually during the year of marriage (see Table A-6).

Table A-6 – Average Overpayments in Year of Marriage

State	Overpayments in Year of Marriage	Number of Years	Average Per Year
Georgia	\$540,956	3	\$180,319
Kansas	280,049	8	35,006
Oregon	154,560	6	25,760
Vermont	40,538	9	4,504
Total	\$1,016,103		\$245,589

In addition, we calculated the average overpayments in the years after the marriage by dividing the overpayments in subsequent years (see Table A-3) by the number of years for which marriage records were purchased (see Table A-1). Assuming that all variables remained constant, we estimate that SSA would disburse \$324,964 in overpayments annually during the years after the marriage (see Table A-7).

Table A-7 – Average Overpayments in Subsequent Years

State	Overpayments in Subsequent Years	Number of Years	Average Per Year
Georgia	\$515,817	3	\$171,939
Kansas	889,261	8	111,158
Oregon	162,265	6	27,044
Vermont	133,408	9	14,823
Total	\$1,700,751		\$324,964

WORKLOAD COSTS

As part of the special project, SSA contracted with Georgia, Kansas, Oregon, and Vermont to purchase marriage records at a cost of \$0.25 per record. However, SSA employees¹ informed us they may be unable to negotiate such rates in the future. Based on data provided by the Agency, the cost to purchase a death report from the State BVS is about \$0.62 per record. SSA employees agreed that the actual cost per death report may be used as a baseline for the estimated cost per marriage record. As a result, we calculated the purchase costs for marriage records by multiplying the average number of marriages per year by the estimated cost per marriage record. According to the Department of Health and Human Services (HHS),² there are about 112,083 marriages in Georgia, Kansas, Oregon, and Vermont each year. Assuming that all variables remained constant, we estimate that SSA would incur \$69,492 in workload costs to purchase marriage records annually (see Table A-8).

Table A-8 – Estimated Cost to Purchase Marriage Records

State	Total Marriages Per Year	Purchase Cost Per Record	Total Cost
Georgia	59,479	\$0.62	\$36,877
Kansas	20,705	0.62	12,837
Oregon	25,911	0.62	16,065
Vermont	5,988	0.62	3,713
Total	112,083		\$69,492

Based on data provided by the Agency, the cost to process a death report is about \$32.39 per case. SSA employees agreed that the actual cost to process a death report may be used as a baseline for the estimated cost to process a marriage record. As a result, we calculated the processing costs for marriage records by multiplying the average number of unreported marriages per year in Georgia, Kansas, Oregon, and Vermont (see Table A-4) by the estimated cost to process a marriage record. Assuming that all variables remained constant, we estimate that SSA would incur \$10,138 in workload costs to process marriage records annually (see Table A-9).

¹ Staff members from the Office of Program Benefits.

² National Center for Health Statistics, Department of Health and Human Services, National Vital Statistics Reports, Provisional Tables on Births, Marriages, Divorces, and Deaths by State for 1998-2000, 49M6 Table 3-12, *Table 3. Provisional number of marriages and divorces: Each division and State, December 1999 and 2000, and cumulative figures, 1998-2000*, at http://www.cdc.gov/nchs/data/nvsr/nvsr49/49_06_12_03.pdf (through October 2, 2002).

Table A-9 – Estimated Cost to Process Marriage Records

State	Unreported Marriages	Processing Cost Per Case ³	Total Cost
Georgia	212	\$32.39	\$6,867
Kansas	57	32.39	1,846
Oregon	37	32.39	1,198
Vermont	7	32.39	227
Total	313		\$10,138

For these four States, we estimate that SSA would incur \$79,630 in workload costs to purchase and process marriage records annually. This estimate included \$69,492 of purchase costs and \$10,138 of processing costs (see Table A-10).

Table A-10 – Total Cost to Purchase and Process Marriage Records

State	Purchase Costs	Processing Costs	Workload Costs
Georgia	\$36,877	\$6,867	\$43,744
Kansas	12,837	1,846	14,683
Oregon	16,065	1,198	17,263
Vermont	3,713	227	3,940
Total	\$69,492	\$10,138	\$79,630

PROGRAM SAVINGS

To calculate the program savings in the year of marriage, we subtracted the workload costs to purchase and process marriage records (see Table A-10) from the overpayments in the year of marriage (see Table A-6). Accordingly, we estimate that SSA would realize \$165,959 in program savings annually during the year of marriage. Assuming that all variables remained constant, we estimate that SSA would realize \$829,795 in program savings over a 5-year period (see Table A-11).

Table A-11 – Estimated Program Savings in Year of Marriage

Description	Amount
Average Overpayments in Year of Marriage	\$245,589
- Total Workload Costs Per Year	\$79,630
Estimated Program Savings Per Year	\$165,959
× Number of Years	5
Estimated Program Savings Over 5-Year Period	\$829,795

³ Represents the estimated unit cost to review marriage records but does not include the estimated unit cost to resolve overpayments. Actual costs were unavailable at the time of our audit.

Since the total costs to purchase and process marriage records are only incurred once per computer match, we deducted the workload costs from the overpayments in the year of marriage. These costs are not applicable to the overpayments in the years after the marriage (see Table A-7), which represent additional savings from the computer match. Accordingly, we estimate that SSA would realize \$324,964 in program savings annually during the years after the marriage. Assuming that all variables remained constant, we estimate that SSA would realize \$1,624,820 in program savings over a 5-year period (see Table A-12).

Table A-12 – Estimated Program Savings in Subsequent Years

Description	Amount
Average Overpayments in Subsequent Years	\$324,964
- Total Workload Costs Per Year	\$0
Estimated Program Savings Per Year	\$324,964
× Number of Years	5
Estimated Program Savings Over 5-Year Period	\$1,624,820

COST-BENEFIT ANALYSIS

To measure the cost-effectiveness of computer matches with State BVS records to identify unreported marriages in Georgia, Kansas, Oregon, and Vermont, we calculated the overpayments (see Tables A-6 and A-7), workload costs (see Table A-10), and program savings (see Tables A-11 and A-12). Accordingly, if SSA had purchased State BVS records to identify unreported marriages at the end of 1999 and each year thereafter, we estimate that SSA could have detected \$570,553 in overpayments on an annual basis at an estimated cost of \$79,630, resulting in program savings of \$490,923. Over a 5-year period, we estimate that SSA could have realized \$2,454,615 in program savings, including \$829,795 in the year of marriage and \$1,624,820 in subsequent years (see Table A-13).

Table A-13 – Cost-Benefit Analysis for Four States

Description	Year of Marriage	Subsequent Years	Total
Overpayments	\$245,589	\$324,964	\$570,553
Workload Costs	(79,630)	(0)	(79,630)
Program Savings	165,959	324,964	490,923
5-Year Savings	\$829,795	\$1,624,820	\$2,454,615

Appendix B

Cost-Benefit Analysis for the United States

We recognize the actual number of marriages and divorces and the availability of these records in an electronic format may vary by year and State. However, to demonstrate the potential effectiveness of matching electronic marriage records, we assumed the unreported marriages in the four States were representative of those in the United States. Accordingly, we extrapolated the results of our review to the 50 States plus Puerto Rico and the District of Columbia. According to the Department of Health and Human Services (HHS),¹ there are about 2,335,655 marriages in the United States annually. Of this amount, there are about 112,083 marriages in Georgia, Kansas, Oregon, and Vermont each year. Assuming that all variables remained constant, we estimate the number of marriages in the four States represented about 4.8 percent of the total marriages in the United States (see Table B-1).

Table B-1 – Ratio of Marriages in Four States to the United States

Description	Amount
Total Marriages Per Year in Four States	112,083
÷ Total Marriages Per Year in the United States	2,335,655
Ratio of Marriages in Four States to the United States	4.80%

We divided the average number of unreported marriages per year in Georgia, Kansas, Oregon, and Vermont (see Table A-4) by the ratio of total marriages in the four States expressed as a percentage of the total marriages in the United States (see Table B-1). Assuming that all variables remained constant, we estimate that the Social Security Administration (SSA) would identify 6,521 unreported marriages in the United States annually (see Table B-2).

Table B-2 – Estimated Unreported Marriages Per Year

Description	Amount
Unreported Marriages Per Year in Four States	313
÷ Ratio of Marriages in Four States to the United States	4.80%
Unreported Marriages Per Year in the United States	6,521

¹ National Center for Health Statistics, Department of Health and Human Services, National Vital Statistics Reports, Provisional Tables on Births, Marriages, Divorces, and Deaths by State for 1998-2000, 49M6 Table 3-12, *Table 3. Provisional number of marriages and divorces: Each division and State, December 1999 and 2000, and cumulative figures, 1998-2000*, at http://www.cdc.gov/nchs/data/nvsr/nvsr49/49_06_12_03.pdf (through October 2, 2002).

We also divided the average number of unreported marriages resulting in overpayments per year in Georgia, Kansas, Oregon, and Vermont (see Table A-5) by the ratio of total marriages in the four States expressed as a percentage of the total marriages in the United States (see Table B-1). Assuming that all variables remained constant, we estimate that 3,396 unreported marriages resulted in overpayments in the United States annually (see Table B-3).

Table B-3 – Estimated Unreported Marriages with Overpayments Per Year

Description	Amount
Number of Overpayments Per Year in Four States	163
÷ Ratio of Marriages in Four States to the United States	4.80%
Number of Overpayments Per Year in the United States	3,396

OVERPAYMENTS

Based on the amount and number of overpayments from Georgia, Kansas, Oregon, and Vermont, we calculated the average overpayment per case. For the average overpayment in the year of marriage, we divided the total overpayments in the year of marriage (see Table A-6) by the number of unreported marriages resulting in overpayments per year (see Table A-5). Assuming that all variables remained constant, we estimate the average overpayment per case was \$1,507 in the year of marriage (see Table B-4).

Table B-4 – Average Overpayment in Year of Marriage

Description	Amount
Total Overpayments in Year of Marriage	\$245,589
÷ Unreported Marriages with Overpayments Per Year	163
Average Overpayment Per Case	\$1,507

For the average overpayment in the years after the marriage, we divided the total overpayments in subsequent years (see Table A-7) by the number of unreported marriages resulting in overpayments per year (see Table A-5). Assuming that all variables remained constant, we estimate the average overpayment per case was \$1,994 in the years after the marriage (see Table B-5).

Table B-5 – Average Overpayment in Subsequent Years

Description	Amount
Total Overpayments in Subsequent Years	\$324,964
÷ Unreported Marriages with Overpayments Per Year	163
Average Overpayment Per Case	\$1,994

To calculate the overpayments for the year of marriage, we multiplied the estimated number of unreported marriages per year in the United States (see Table B-3) by the average overpayment per case (see Table B-4). Accordingly, we estimate that SSA would identify \$5,117,772 in overpayments annually during the year of marriage (see Table B-6).

Table B-6 – Estimated Overpayments in Year of Marriage

Description	Amount
Unreported Marriages Per Year in the United States	3,396
× Average Overpayment Per Case	\$1,507
Total Overpayments in Year of Marriage	\$5,117,772

To calculate the overpayments for the years after the marriage, we multiplied the estimated number of unreported marriages per year in the United States (see Table B-3) by the average overpayment per case (see Table B-5). Accordingly, we estimate that SSA would identify \$6,771,624 in overpayments annually during the years after the marriage (see Table B-7).

Table B-7 – Estimated Overpayments in Subsequent Years

Description	Amount
Unreported Marriages Per Year in the United States	3,396
× Average Overpayment Per Case	\$1,994
Total Overpayments in Subsequent Years	\$6,771,624

WORKLOAD COSTS

Using data obtained from HHS and SSA, we calculated the purchase costs for marriage records by multiplying the average number of marriages per year in the United States (see Table B-1) by the estimated cost per marriage record (see Table A-8). Assuming that all variables remained constant, we estimate that SSA would incur \$1,448,106 in workload costs to purchase marriage records annually (see Table B-8).

Table B-8 – Estimated Cost to Purchase Marriage Records

Description	Amount
Total Marriages Per Year in the United States	2,335,655
× Purchase Cost Per Record	\$0.62
Estimated Cost to Purchase Marriage Records	\$1,448,106

In addition, we calculated the processing costs for marriage records by multiplying the average number of unreported marriages per year in the United States (see Table B-2) by the estimated cost to process a marriage record (see Table A-9). Assuming that all variables remained constant, we estimate that SSA would incur \$211,215 in workload costs to process marriage records annually (see Table B-9).

Table B-9 – Estimated Cost to Process Marriage Records

Description	Amount
Unreported Marriages Per Year in the United States	6,521
× Processing Cost Per Case ²	\$32.39
Estimated Cost to Process Marriage Records	\$211,215

For the United States, we estimate that SSA would incur \$1,659,321 in workload costs to purchase and process marriage records annually. This estimate included \$1,448,106 of purchase costs and \$211,215 of processing costs (see Table B-10).

Table B-10 – Total Cost to Purchase and Process Marriage Records

Description	Amount
Estimated Cost to Purchase Marriage Records	\$1,448,106
+ Estimated Cost to Process Marriage Records	211,215
Total Cost to Purchase and Process Marriage Records	\$1,659,321

PROGRAM SAVINGS

To calculate the program savings in the year of marriage, we subtracted the workload costs to purchase and process marriage records (see Table B-10) from the overpayments in the year of marriage (see Table B-6). Accordingly, we estimate that SSA would realize \$3,458,451 in program savings annually during the year of marriage. Assuming that all variables remained constant, we estimate that SSA would realize \$17,292,255 in program savings over a 5-year period (see Table B-11).

Table B-11 – Estimated Program Savings in Year of Marriage

Description	Amount
Average Overpayments in Year of Marriage	\$5,117,772
- Total Workload Costs Per Year	\$1,659,321
Estimated Program Savings Per Year	\$3,458,451
× Number of Years	5
Estimated Program Savings Over 5-Year Period	\$17,292,255

² Represents the estimated unit cost to review marriage records but does not include the estimated unit cost to resolve overpayments. Actual costs were unavailable at the time of our audit.

We deducted the workload costs from the overpayments in the year of marriage because they were incurred as a result of the computer match. Therefore, these costs were not deducted from the overpayments in the years after the marriage (see Table B-7), which represent additional savings from the computer match. Accordingly, we estimate that SSA would realize \$6,771,624 in program savings annually during the years after the marriage. Assuming that all variables remained constant, we estimate that SSA would realize \$33,858,120 in program savings over a 5-year period (see Table B-12).

Table B-12 – Estimated Program Savings in Subsequent Years

Description	Amount
Average Overpayments in Subsequent Years	\$6,771,624
- Total Workload Costs Per Year	\$0
Estimated Program Savings Per Year	\$6,771,624
× Number of Years	5
Estimated Program Savings Over 5-Year Period	\$33,858,120

COST-BENEFIT ANALYSIS

To measure the cost-effectiveness of computer matches with State bureaus of vital statistics (BVS) records to identify unreported marriages in the United States, we calculated the overpayments (see Tables B-6 and B-7), workload costs (see Table B-10), and program savings (see Tables B-11 and B-12). Accordingly, if SSA had purchased State BVS records to identify unreported marriages at the end of 1999 and each year thereafter, we estimate that SSA could have detected \$11,889,396 in overpayments on an annual basis at an estimated cost of \$1,659,321, resulting in program savings of \$10,230,075. Over a 5-year period, we estimate that SSA could have realized \$51,150,375 in program savings, including \$17,292,255 in the year of marriage and \$33,858,120 in subsequent years (see Table B-13).

Table B-13 – Cost-Benefit Analysis for the United States

Description	Year of Marriage	Subsequent Years	Total
Overpayments	\$5,117,772	\$6,771,624	\$11,889,396
Workload Costs	(1,659,321)	(0)	(1,659,321)
Program Savings	3,458,451	6,771,624	10,230,075
5-Year Savings	\$17,292,255	\$33,858,120	\$51,150,375

Appendix C

Agency Comments



SOCIAL SECURITY

MEMORANDUM

Date: April 18, 2003

Refer To: S1J-3

To: James G. Huse, Jr.
Inspector General

From: Larry W. Dye /s/
Chief of Staff

Subject: Office of the Inspector General (OIG) Draft "Use of State Bureaus of Vital Statistics Records to Detect Unreported Marriages and Divorces" (Audit No. A-09-00-30059)—INFORMATION

We appreciate the OIG's efforts in conducting this review. Our comments on the draft report contents and recommendations are attached.

Staff questions may be referred to Laura Bell on extension 52636.

Attachment:
SSA Response

COMMENTS ON THE OFFICE OF THE INSPECTOR GENERAL (OIG) DRAFT REPORT, "USE OF STATE BUREAUS OF VITAL STATISTICS (BVS) RECORDS TO DETECT UNREPORTED MARRIAGES AND DIVORCES" (AUDIT #A-09-00-30059)

Thank you for the opportunity to review and comment on the report. Although we agree we should seek better marriage and divorce information, we believe there are several obstacles to the recommended approach, as outlined below.

- Matching marriage records with those States that have electronic files is technically possible. However, the availability of electronic files with data elements (e.g., SSN, date of birth) to match efficiently against our payment files is uneven nationally. The costs increase and the benefits decrease significantly for records without an SSN and at least a date of birth.
- In 2000, The National Association for Public Health Statistics and Information Systems (NAPHSIS) (a non-profit organization that represents all vital records directors) surveyed all States to determine if they had electronic files of marriage and divorce and which data elements they collect. For marriage records, only 14 of the 44 States responding collected SSNs and only 9 had all of the elements SSA needs. For divorce records, 34 of the 43 States responding had electronic records and only 8 of those States had SSNs connected to the record.
- For many States, conversion of records to an electronic format would involve significant costs. Most States are reluctant to expand their data collection in this area to accommodate SSA's needs for matching unless they are certain that SSA will provide funding for conversion and purchase the records.
- Because of the lack of the SSN on many State records, SSA would have to build an alpha matching process, which would be resource intensive.
- The above costs, including the costs to purchase records from the States, will negatively impact the cost benefit of matching agreements if it is pursued before the re-engineering of the records.

Our responses to the specific recommendations are provided below.

Recommendation 1

The Social Security Administration (SSA) should conduct a survey of State BVS agencies to determine the cost of purchasing marriage records in an electronic format. These records should, at a minimum, contain the full name and date of birth for each individual.

SSA Response

While we agree with the potential savings, we are not able to implement this recommendation at this time. Although cost effective, moving forward on this project would divert scarce systems, staff and other resources from other matching and automation projects that have higher benefits.

We have an established systems prioritization process that ranks projects by Agency priority as well as return on investment.

We will continue to rely on other existing tools, including the Beneficiary Recontact Program, to detect unreported marriages. This program targets the two beneficiary groups proven to be the most likely to not report marriage timely, and since the program started, overpayments to mothers/fathers detected as a result of this program total approximately \$2 million per year.

We also plan to continue our current work with the National Center for Health Statistics and the States, through the National Association for Public Health Statistics and Information Systems, to promote the reengineering of the State vital records processes. The goal of the reengineering effort is to develop a base vital records system model that will incorporate the business requirements and functionality that are common to all vital records business operations. The initial phases of the effort deal with birth and death records, but should lay the groundwork for improvements in the infrastructure supporting marriage records.

Recommendation 2

Where computerized records are unavailable, SSA should encourage State BVS agencies to convert their marriage records into an electronic format.

SSA Response

See response for recommendation number one.

Recommendation 3

SSA should establish guidelines for purchasing the State marriage records and monitoring the cost-effectiveness of performing computer matches against SSA's beneficiary records.

SSA Response

See response for recommendation number one.

Recommendation 4

SSA should work with State BVS agencies to obtain matching agreements that include the authority for OIG to use such records, where potentially fraudulent activity is suspected, for criminal investigations.

SSA Response

See response for recommendation number one.

Recommendation 5

SSA should periodically purchase marriage records and perform computer matches to identify beneficiaries who did not report their marriages to SSA.

SSA Response

See response for recommendation number one.

Recommendation 6

SSA should develop procedures to ensure timely processing of unreported marriages identified through computer matches with State BVS records.

SSA Response

See response for recommendation number one.

Recommendation 7

SSA should initiate corrective action, including termination of benefits and recovery of overpayments, for the 700 unreported marriages and 8 unreported divorces identified during our review.

SSA Response

We agree and have initiated corrective action on the unreported marriages and divorces identified during the review. We expect all cases to be developed and corrective action taken by the end of fiscal year 2003.

Appendix D

OIG Contacts and Staff Acknowledgments

OIG Contacts

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The Office of Executive Operations (OEO) supports the Office of the Inspector General (OIG) by providing information resource management; systems security; and the coordination of budget, procurement, telecommunications, facilities and equipment, and human resources. In addition, this office is the focal point for the OIG's strategic planning function and the development and implementation of performance measures required by the *Government Performance and Results Act*. OEO is also responsible for performing internal reviews to ensure that OIG offices nationwide hold themselves to the same rigorous standards that we expect from SSA, as well as conducting investigations of OIG employees, when necessary. Finally, OEO administers OIG's public affairs, media, and interagency activities, coordinates responses to Congressional requests for information, and also communicates OIG's planned and current activities and their results to the Commissioner and Congress.

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The Office of Investigations (OI) conducts and coordinates investigative activity related to fraud, waste, abuse, and mismanagement of SSA programs and operations. This includes wrongdoing by applicants, beneficiaries, contractors, physicians, interpreters, representative payees, third parties, and by SSA employees in the performance of their duties. OI also conducts joint investigations with other Federal, State, and local law enforcement agencies.

Counsel to the Inspector General

The Counsel to the Inspector General provides legal advice and counsel to the Inspector General on various matters, including: 1) statutes, regulations, legislation, and policy directives governing the administration of SSA's programs; 2) investigative procedures and techniques; and 3) legal implications and conclusions to be drawn from audit and investigative material produced by the OIG. The Counsel's office also administers the civil monetary penalty program.