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**OFFICE OF  
THE INSPECTOR GENERAL**

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**SOCIAL SECURITY ADMINISTRATION**

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**FOLLOW-UP REVIEW OF OLD-AGE,  
SURVIVORS AND DISABILITY  
INSURANCE BENEFITS PAID TO  
DECEASED AUXILIARY  
BENEFICIARIES**

**June 2003                  A-01-03-13037**

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**AUDIT REPORT**

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**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.**

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**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:**

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## SOCIAL SECURITY

### MEMORANDUM

Date: June 13, 2003

Refer To:

To: The Commissioner

From: Inspector General

Subject: Follow-up Review of Old-Age, Survivors and Disability Insurance Benefits Paid to Deceased Auxiliary Beneficiaries (A-01-03-13037)

Our objective was to determine whether the Social Security Administration (SSA) implemented the recommendations in our June 2001 report, *Old-Age, Survivors and Disability Insurance Benefits Paid to Deceased Auxiliary Beneficiaries* (A-01-00-20043).

### BACKGROUND

The Old-Age, Survivors and Disability Insurance (OASDI) program provides retirement benefits to insured individuals who have reached the minimum retirement age, survivors' benefits to dependents of insured wage earners in the event the family wage earner dies, and disability benefits to disabled wage earners and their families. Children, widows, spouses, and parents who receive OASDI benefits based on another wage earner's Social Security record are referred to as auxiliary beneficiaries—and their benefit payments should terminate when they die.<sup>1</sup>

When SSA receives notification of a death (for a beneficiary or non-beneficiary), it is recorded on the Agency's Numident file<sup>2</sup> and becomes part of the Death Master File (DMF).<sup>3</sup> SSA uses the Death Alert, Control and Update System (DACUS) to receive death data from external and internal sources and to process that information against SSA's payment records.

Our June 2001 report identified 5,033 auxiliary beneficiaries who appeared to be receiving OASDI benefits despite having a date of death on SSA's DMF. Based on our work, we estimated

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<sup>1</sup> As stated in 20 CFR §§ 404.316, 404.332, 404.337, 404.341, 404.352, and 404.371.

<sup>2</sup> The Numident file contains identifying information (such as name, date of birth, date of death, mother's maiden name, etc.) for each individual issued a Social Security number.

<sup>3</sup> The DMF is the repository for adding, correcting, and deleting death information received from SSA's routine death matching operation and is housed on SSA's Numident file.

- 881 deceased auxiliary beneficiaries were paid \$31 million in OASDI benefits between their deaths and December 2000, and
- 4,152 auxiliary OASDI beneficiaries had dates of death recorded on the DMF but were actually alive as of December 2000.

We concluded that improvements could be made to SSA's death matching process to ensure OASDI benefits are terminated when death notices are received for auxiliary beneficiaries. We recommended that SSA:

1. Periodically (at least annually) match its DMF against its auxiliary payment records to identify records in which a date of death is posted on the DMF but for which payment records show current benefit payments.
2. Resolve the discrepancy between the dates of death on the Numident file and the current payment status on the Master Beneficiary Record (MBR)<sup>4</sup> for the 2,721 records in our population that were not being reviewed by the Office of the Inspector General's (OIG) Office of Investigations and were not included in our sample. Refer any cases suspected to involve fraud to the Office of Investigations.
3. Remind staff to fully follow SSA's procedures when processing death alerts to ensure all records requiring action are identified and corrected.

## **SCOPE AND METHODOLOGY**

To accomplish our objective, we:

- Reviewed our June 2001 audit report, *Old-Age, Survivors and Disability Insurance Benefits Paid to Deceased Auxiliary Beneficiaries* (A-01-00-20043).
- Analyzed the MBRs and Numident records of the 2,721 cases identified in our prior audit recommendation to determine whether SSA resolved the cases.
- Coordinated our work with the Office of Investigations to determine whether instances of possible fraud were referred to the OIG.
- Matched an August 2002 data extract of the MBR with SSA's DMF to identify auxiliary beneficiaries receiving OASDI payments despite their dates of death. Then, determined how many of these cases were unresolved as of December 2002.
- Researched and analyzed SSA's efforts to improve its death matching process.

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<sup>4</sup> An MBR consists of information related to a beneficiary's entitlement to OASDI benefits (Program Operations Manual System, section SM 00510.002).

We conducted our audit between October 2002 and February 2003 in Boston, Massachusetts. We determined the death and benefit payment data were sufficiently reliable to meet our audit objectives. However, we found inconsistencies in the death and benefit payment files that are discussed later in this report. The entities audited were SSA's field offices under the Deputy Commissioner for Operations and the Office of Disability and Supplemental Security Income Systems under the Deputy Commissioner for Systems. We conducted our audit in accordance with generally accepted government auditing standards.

## **RESULTS OF REVIEW**

Generally, SSA implemented the recommendations from our prior audit report. Specifically, SSA (1) initiated a quarterly match between the DMF and MBR, (2) resolved 98 percent of the cases we asked the Agency to review, and (3) reminded staff to fully follow procedures when processing death alerts.

However, we identified the following three issues that require further attention.

- SSA's quarterly matches between the MBR and DMF did not identify 2,069 cases where the auxiliary beneficiaries were receiving payments with dates of death on their Numidents.
- SSA did not timely resolve all the auxiliary beneficiary cases identified from its quarterly MBR-DMF matching operation.
- SSA did not refer all instances of possible fraud—where payments were actually made after death and the Agency was unable to recover the funds—to the OIG's Office of Investigations.

## **SSA's EFFORTS REGARDING ITS DEATH MATCHING PROCESS**

SSA did not fully implement our prior recommendation to match the DMF against the MBR. Despite significant efforts to improve its death matching process through quarterly matches, SSA did not identify all auxiliary beneficiaries who had dates of death and were receiving OASDI benefits.

### **SSA's Quarterly Match of the MBR and DMF**

In March 2001, SSA initiated work to match all auxiliary payment records on the MBR against the Agency's DMF. After validating the new matching operation, the Agency started quarterly matches of the DMF against the MBR in February 2002. The resulting cases were sent to the appropriate SSA field office for resolution. Since the initial

February 2002 quarterly match—and subsequent matches in May, August, and November 2002—SSA has identified 13,056 primary and auxiliary beneficiaries in current payment status with dates of death.<sup>5</sup>

Despite SSA's quarterly match between the DMF and MBR, we identified 2,699 auxiliary beneficiaries who were still in current payment status with dates of death as of August 2002.<sup>6</sup> SSA should have identified the 2,699 auxiliary beneficiaries during its quarterly matches in Calendar Year 2002. However, our comparison of the 2,699 records with the 13,056 records from SSA's 4 quarterly matches showed the following.

- The Agency only identified 630 (23 percent) of the 2,699 auxiliary beneficiaries who were receiving OASDI benefits despite having dates of death. Further analysis of the 630 beneficiaries showed 564 cases (90 percent) remained unresolved after 9 months. These 564 cases were identified in SSA's first quarterly match (in February 2002) and remained unresolved as of the fourth match (in November 2002)—9 months later.
- The Agency did not identify the remaining 2,069 records (77 percent) in any of its 4 quarterly matches. Our analysis of these 2,069 records found that 81 percent were dually entitled<sup>7</sup>—1 reason cited in our prior report as to why SSA's normal death matching process did not identify these cases.<sup>8</sup>

See Appendix B for additional information on the 2,699 records we identified.

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<sup>5</sup> Each of the 4 quarterly matches identified approximately 10,000 records—for a total of 41,894 records. However, this only represented 13,056 beneficiaries as cases appeared in subsequent matches if they remained unresolved. We analyzed the 13,056 records as of February 2003 and found 2,043 had the dates of death removed from the Numident—indicating the deaths were erroneous—and SSA took appropriate corrective actions. We did not do any further analysis of the remaining 11,013 records.

<sup>6</sup> We matched the MBR and DMF as of August 2002. We then analyzed the records as of December 2002 to determine how many auxiliary beneficiaries were still receiving benefits despite having dates of death.

<sup>7</sup> Dual entitlement exists when a beneficiary is both eligible and entitled to receive OASDI benefits on more than one SSN, and payments can be made on both records.

<sup>8</sup> In February 2003, we requested that SSA review its quarterly matching process to determine why all auxiliary beneficiaries receiving payments with dates of death were not identified through the matches between the DMF and MBR.

## OIG's Analysis of Payment and Death Records

We analyzed the 2,699 records identified in our own match and found activity on 854 indicating the dates of death may have been erroneous. Specifically, we found

- 567 auxiliary beneficiaries with Critical Payment System<sup>9</sup> data;
- 195 auxiliary beneficiaries died before, or in the same month of, the date of their initial entitlement for benefits; and
- 92 auxiliary beneficiaries had the same dates of death as their primary wage earners' dates of death.

Conversely, we found indications that 765 of the 2,699 beneficiaries may actually be deceased. Specifically, these 765 beneficiaries had 2 payment records—1 under their own Social Security number (SSN) and 1 under another wage earner's SSN. The payment record under their own SSN either had a date of death posted to it or the OASDI benefits were terminated because of death. Whereas, the auxiliary payment record for these 765 individuals was still in current payment status as of December 2002.

Our analysis of electronic records for the remaining 1,080 beneficiaries did not find any indications of whether the beneficiaries were deceased or alive. To resolve these cases, SSA field office staff will need to attempt to locate the individuals.

In February 2003, the Office of Investigations accepted referrals for 980 of the 2,699 cases as part of its *B/C D* project.<sup>10</sup> We turned the remaining 1,719 cases over to SSA for resolution in February 2003.<sup>11</sup>

As SSA and/or the Office of Investigations resolve these 2,699 cases, erroneous death information will be removed from the living beneficiaries' records, and payments will be terminated for those auxiliary beneficiaries who are actually deceased. Furthermore, by resolving these cases and stopping benefit payments as soon as possible after a beneficiary's death, SSA will be taking steps to implement the President's Management Agenda item to reduce improper payments.

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<sup>9</sup> The Critical Payment System pays retroactive OASDI benefits in special situations where MBR payments are not made because of processing errors—such as erroneous death terminations.

<sup>10</sup> The Office of Investigations initiated its *B/C D* project in Fiscal Year 2001. The purpose of the project was to identify and investigate cases where OASDI benefits continued to be paid to widows despite dates of death recorded on the DMF.

<sup>11</sup> As of April 2003, SSA had resolved 238 of the 1,719 cases (14 percent)—benefits were terminated because of death for 138 cases and erroneous death information was removed from SSA's records for 100 cases.

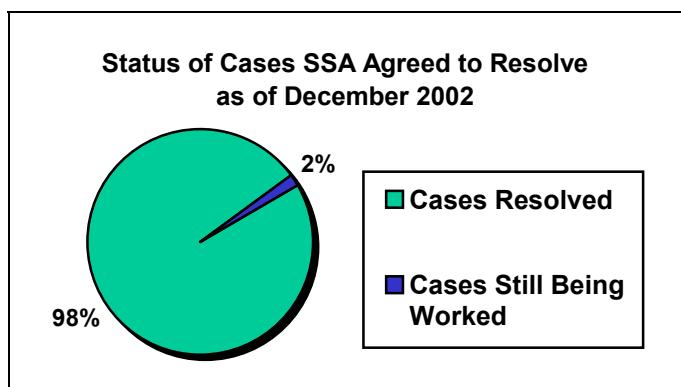
### **SSA's Efforts to Reduce Payments After Death**

In addition to the work SSA did to match the MBR and DMF, SSA took other steps to improve its death matching process.

- In September 1999, SSA contracted with the National Association for Public Health Statistics and Information Systems, an association of State vital records directors and registrars, to develop standards and guidelines for a proposed nation-wide system of electronic death registration. This system would enable SSA to receive death reports within 5 days of death and 24 hours of receipt in the State Bureau of Vital Statistics. As of January 2003, this project was still in the development stage, but it is one of several Office of Management and Budget e-Government initiatives.
- Another e-Government initiative SSA is involved in is the Electronic Verification of Vital Events pilot program. This new system allows SSA personnel to request and receive certifications and/or verifications of death events from States over the Internet. As of February 2003, SSA implemented this program in eight pilot sites,<sup>12</sup> and the pilot is scheduled to continue through the end of Fiscal Year 2003.
- In May 2002, SSA made a policy change to address returned payments indicating the beneficiary is deceased. Under the new policy, the system suspends benefits and a verification process is undertaken before benefits are terminated or reinstated.

### **RESOLVING DISCREPANCIES AMONG PAYMENT AND DEATH RECORDS**

Generally, SSA implemented our recommendation to resolve the discrepancies between the dates of death on the Numident file and the current payment status on the MBR for the 2,721 records identified in our prior report. Our review of the 2,721 cases in December 2002 found



- 2,676 were resolved (98 percent).
- 45 continued to receive OASDI benefits despite their dates of death (2 percent). However, SSA was actively pursuing the resolution of these cases at the time of our audit.

<sup>12</sup> The 8 pilot sites cover beneficiaries and recipients in 26 States.

## Referrals to the Office of Investigations

SSA did not completely implement the portion of our recommendation to refer any cases suspected to involve fraud to the OIG's Office of Investigations. Our analysis of the 2,721 records from our prior audit identified 490 auxiliary beneficiaries whose benefits were terminated because of death.<sup>13</sup> For the 490 auxiliary beneficiaries who were actually deceased, we found that SSA

- recovered all payments after death for 423 beneficiaries (86 percent),
- recovered all but 1 month's payment for 17 beneficiaries (4 percent), and
- did not recover all payments after death for 20 beneficiaries (4 percent)—these cases were referred to the Office of Investigations.

The remaining 30 cases (6 percent) resulted in improper payments after death totaling \$591,067 that SSA had not recovered as of November 2002. SSA did not refer these 30 cases to the Office of Investigations—even though SSA was unable to recover the incorrect payments made after the beneficiaries' deaths. The incorrect payments for these 30 cases ranged from \$1,400 to \$52,000—with an average payment after death of \$19,702. Also, SSA benefits were paid to these 30 beneficiaries for an average of 38 months after their dates of death—and ranged from 3 months to 151 months.

Since these cases may have involved fraud, SSA staff should have referred them to the Office of Investigations—in accordance with its strategic goal “To ensure the integrity of Social Security programs, with zero tolerance for fraud and abuse.”<sup>14</sup> By not referring these cases to the Office of Investigations, SSA delayed the possibility of an investigation to determine who spent the funds that were intended for the deceased beneficiaries.<sup>15</sup>

## REMINDING STAFF TO FOLLOW DEATH PROCESSING PROCEDURES

SSA implemented our prior recommendation to remind staff to fully follow procedures when processing death alerts. Specifically, SSA issued a memorandum nationwide on

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<sup>13</sup> Based on our December 2002 review of the original 5,033 auxiliary beneficiaries identified in our prior audit, 995 were actually deceased and had their benefits terminated. This confirmed our estimate of 881 auxiliary beneficiaries (with a range of 669 to 1,129) in the prior report. Of the 995 actual deaths, 490 were in the group SSA agreed to resolve as part of our earlier recommendations. The remaining 505 cases were in the group the Office of Investigations reviewed under its *B/C D* project. Additionally, the Office of Investigations obtained 116 convictions as of January 2003 for the cases it investigated under its *B/C D* project.

<sup>14</sup> SSA's *Performance and Accountability Report, Fiscal Year 2002*, page 33.

<sup>15</sup> We provided the 30 cases to the Office of Investigations in January and February 2003.

April 11, 2001 reminding staff to fully follow procedures when processing death alerts. The memorandum included instructions for initial claims, dual entitlement, and concurrent entitlement.<sup>16</sup>

SSA issued an additional memorandum on September 11, 2002 reminding staff of death termination and payment recovery procedures. The memorandum stated that recovery of payments after death is the responsibility of the Department of the Treasury and provided staff with instructions on how to follow up with Treasury. This memorandum also reminded staff that it is imperative that the appropriate Payment Center technicians follow up with Treasury to ensure all payments after death are recovered.

## **CONCLUSIONS AND RECOMMENDATIONS**

Generally, SSA implemented the recommendations from our prior report. We encourage SSA to continue its on-going efforts to improve its death process and to timely identify and resolve the cases from its quarterly matching of the DMF and MBR—including the referral of any cases that may involve fraud to the OIG. Specifically, SSA should:

1. Resolve the 630 auxiliary beneficiary cases identified during the quarterly death matches that remained open in December 2002.
2. Review the 2,069 auxiliary beneficiary cases we identified to determine why they were not identified during its quarterly death matches and alter its quarterly matches to identify such cases.
3. Remind staff that cases identified during SSA's quarterly death matches where overpayments to deceased individuals were not fully recovered must be referred to the Office of Investigations.

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<sup>16</sup> Concurrent entitlement exists when a beneficiary is entitled to payments under both the OASDI and Supplemental Security Income programs.

## **AGENCY COMMENTS**

SSA agreed with our three recommendations. Specifically, SSA (1) plans to resolve the 630 cases discussed in Recommendation 1 by the end of December 2003; (2) expects to complete its review of the remaining cases by the end of December 2003—and at that time—determine whether the quarterly matching process needs to be altered; and (3) plans to issue a reminder to staff regarding the referrals to the OIG. (See Appendix C for the Agency's comments.)

A handwritten signature in blue ink, appearing to read "James G. Huse, Jr."

James G. Huse, Jr.

# *Appendices*

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**APPENDIX A** — Acronyms

**APPENDIX B** — Summary of Death Master File and Auxiliary Beneficiary Match as of December 2002

**APPENDIX C** — Agency Comments

**APPENDIX D** — OIG Contacts and Staff Acknowledgments

## *Appendix A*

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### Acronyms

CFR	Code of Federal Regulations
DACUS	Death Alert, Control and Update System
DMF	Death Master File
MBR	Master Beneficiary Record
OASDI	Old-Age, Survivors and Disability Insurance
OIG	Office of the Inspector General
SSA	Social Security Administration
SSN	Social Security Number

## Appendix B

### Summary of Death Master File and Auxiliary Beneficiary Match as of December 2002

We matched a data extract of all auxiliary beneficiaries in current payment status on the Master Beneficiary Record as of August 2002 with the Social Security Administration's (SSA) Death Master File (DMF) and identified 6,361 records. Our analysis of these 6,361 records found that SSA had resolved 3,662 (58 percent) by December 2002. The remaining 2,699 auxiliary beneficiaries continued to receive benefits while having dates of death on their records.

The table below summarizes the 2,699 auxiliary beneficiaries by transaction date. The transaction date is the date SSA was informed of the death and thus posted it to the DMF.

Summary by Transaction Date			
Transaction Date on DMF	Number of Records	Date of Death Range	
		From	To
July 2001 <sup>1</sup>	1,956	November 1955	June 2001
August 2001	44	August 2000	July 2001
September 2001	55	July 2000	August 2001
October 2001	24	March 2001	September 2001
November 2001	76	December 2000	October 2001
December 2001	59	June 2000	November 2001
January 2002	52	May 2001	December 2001
February 2002	61	January 2001	January 2002
March 2002	65	May 1991 <sup>2</sup>	February 2002
April 2002	90	March 1994 <sup>3</sup>	March 2002
May 2002	67	September 2001	April 2002
June 2002	78	November 2000	May 2002
July 2002	72	July 2000	June 2002
	<b>2,699</b>		

<sup>1</sup> Because of a DMF system change, records in the July 2001 column represent all transactions recorded during July 2001 as well as all transactions recorded prior to that date.

<sup>2</sup> For records with a March 2002 transaction date, only one death occurred in May 1991. All other deaths ranged from January 2001 to February 2002.

<sup>3</sup> For records with an April 2002 transaction date, only one death occurred in March 1994. All other deaths ranged from April 2001 to March 2002.

## *Appendix C*

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### Agency Comments



## SOCIAL SECURITY

MEMORANDUM

32112-24-894

Date: May 29, 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 Report, "Follow-up Review of Old-Age, Survivors and Disability Insurance Benefits Paid to Deceased Auxiliary Beneficiaries" (A-01-03-13037)—INFORMATION

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

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

Attachment:  
SSA Response

**COMMENTS ON THE OFFICE OF THE INSPECTOR GENERAL (OIG) DRAFT  
REPORT “FOLLOW-UP REVIEW OF OLD-AGE, SURVIVORS AND DISABILITY  
INSURANCE BENEFITS PAID TO DECEASED AUXILIARY BENEFICIARIES”  
(AUDIT NO. A-01-03-13037)**

We appreciate the opportunity to review and comment on the draft report. Overall we agree with the findings and recommendations. We are particularly pleased that page 6 of the report includes a description of the additional actions we have taken to improve our overall death matching process. We believe that significant progress has been made in recent years in the systems area for matching death records and in the actual process of working and resolving death alerts. We will continue our efforts to ensure the accuracy and reliability of the Death Master File (DMF). Finally, we would like to take this opportunity to note that while issues still exist with DMF, prior audits of the file found an accuracy rate exceeding 95 percent. Our responses to the specific recommendations and a technical comment are provided below.

**Recommendation 1**

The Social Security Administration should resolve the 630 auxiliary beneficiary cases identified during the quarterly death matches that remained open in December 2002.

**SSA Response**

We agree and have obtained the list of 630 Social Security Numbers from OIG. We will distribute the list to the field offices by May 30, 2003. We expect to complete the review of these cases by the end of December 2003.

**Recommendation 2**

SSA should review the 2,069 auxiliary beneficiary cases we identified to determine why they were not identified during its quarterly death matches and alter its quarterly matches to identify such cases.

**SSA Response**

We agree. OIG has provided the Agency the list of claims numbers that need to be reviewed. The OIG will review 980 of the 2,069 cases that have been identified, and we plan to review the remaining 1,719 cases by the end of December 2003. Once we determine the reason that the cases were not identified, we will determine if changes are needed to the quarterly death match process.

**Recommendation 3**

SSA should remind staff that cases identified during SSA’s quarterly death matches where overpayments to deceased individuals were not fully recovered must be referred to the Office of Investigations.

SSA Response

We agree and will issue a national message to staff to coincide with the review of the above mentioned cases in recommendation number two. In the interim, several regions are issuing local reminders. We will also consider including this process in the revision of the procedural instructions that are scheduled to be released by the Office of Income Security Programs in August 2003.

## *Appendix D*

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### OIG Contacts and Staff Acknowledgments

#### **OIG Contacts**

Rona Rustigian, Director, Northern Audit Division, (617) 565-1819

Judith Oliveira, Deputy Director, (617) 565-1765

#### **Staff Acknowledgments**

In addition to those named above:

Melinda Tabicas, Auditor

Joseph LoVecchio, Auditor

Kevin Joyce, Senior Auditor

David Mazzola, Senior Auditor

Charles Zaepfel, Computer Specialist

For additional copies of this report, please visit our web site at <http://www.ssa.gov/oig> or contact the Office of the Inspector General's Public Affairs Specialist at (410) 966-1375. Refer to Common Identification Number A-01-03-13037.

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### **Office of Executive Operations**

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.

### **Office of Investigations**

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.