
**OFFICE OF
THE INSPECTOR GENERAL**

SOCIAL SECURITY ADMINISTRATION

**AUDIT OF ENUMERATION
AT BIRTH PROGRAM**

September 2001

A-08-00-10047

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.



SOCIAL SECURITY

Office of the Inspector General

MEMORANDUM

September 27, 2001

Refer To: 31270-23-226

To: Larry G. Massanari
Acting Commissioner
of Social Security

Inspector General

Subject: Audit of Enumeration at Birth Program (A-08-00-10047)

The attached final report presents the results of our audit. Our objectives were to determine whether (1) participating hospitals and Bureaus of Vital Statistics provide the Social Security Administration (SSA) accurate and reliable information under the Enumeration at Birth program and (2) SSA's internal controls adequately protect the integrity of the process.

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 or have your staff contact Steven L. Schaeffer, Assistant Inspector General for Audit, at (410) 965-9700.

A handwritten signature in black ink, appearing to read "James G. Huse, Jr." Below the signature, the name "James G. Huse, Jr." is printed in a standard font.

Attachment

Executive Summary

OBJECTIVE

The objectives of the audit were to determine whether (1) participating hospitals and Bureaus of Vital Statistics (BVS) provide the Social Security Administration (SSA) accurate and reliable information under the Enumeration at Birth (EAB) program and (2) SSA's internal controls adequately protect the integrity of the process.

BACKGROUND

Implemented in 1990, the EAB program assigns Social Security numbers (SSN) to newborns, with parental approval, as part of States' and certain jurisdictions' birth registration processes. SSA developed the EAB process in response to increased demand for SSNs for children at earlier ages, especially for tax and other financial requirements. SSA recognized that all the information needed to process an SSN application for a newborn was captured during the hospital birth registration process. Therefore, SSA contracted with State and certain jurisdiction BVSs to obtain birth registration data. The birth registration data serve as evidence of age, identity, and citizenship for purposes of assigning an SSN to a child. SSA designed EAB as a convenient service option, saving parents the trouble of gathering necessary proof, completing an SSN application, and visiting or mailing original documents to an SSA field office (FO) for processing.

About 69 percent of the original SSNs SSA assigns annually are processed through the EAB program. SSA estimates approximately 75 percent of newborns receive SSNs via EAB.¹ During Fiscal Year (FY) 2000, SSA assigned about 4 million original SSNs to newborns through the EAB process. As of September 1997, all 50 States, as well as certain jurisdictions (Puerto Rico, New York City, and the District of Columbia), participated in EAB.

Because the EAB program provides SSNs through the birth registration process, SSA's enumeration workload has significantly decreased since its implementation. The FY 2000 unit cost of processing SSN applications submitted at FOs was \$18.70. Accordingly, the EAB program could save SSA about \$60 million in administrative costs, annually.²

¹ We did not determine the reliability of this data.

² According to SSA, it cost the Agency \$18.70 in FY 2000 to process an SSN application taken by FO personnel. Additionally, in FY 2000, SSA's cost to process an EAB transaction was \$3.74. Therefore, we estimated savings as follows: $\$18.70 - \$3.74 = \$14.96 \times 4 \text{ million} = \59.84 million (rounded to \$60 million.)

RESULTS OF REVIEW

We commend SSA for its innovation in implementing the EAB program. The 24 hospitals and 4 BVSs we reviewed generally provided accurate and reliable enumeration data through EAB. However, because the SSN is so heavily relied upon in today's society and the potential for its misuse is so great, we believe SSA should establish additional controls in the program. Although these measures may require SSA to reinvest some of the savings realized through EAB in the program, we believe these controls are essential to reduce the Agency's vulnerability to SSN misuse and enhance program efficiency.

SSA WAS VULNERABLE TO POTENTIAL ERROR AND/OR MISUSE DUE TO LACK OF SEGREGATION OF DUTIES WITHIN HOSPITALS' BIRTH REGISTRATION UNITS

The hospital birth registration units we visited lacked adequate segregation of duties to ensure the proper collection of birth registration data. Clerks working within these units were generally involved in all phases of the process. The clerks gathered information needed to prepare the certificates of live birth, entered information into personal computers, printed certificates, obtained parents' and hospital certifiers' signatures, and forwarded the electronic and paper versions of the certificates to the BVSs. Hence, if motivated to do so, these clerks could generate a certificate of live birth for a nonexistent child.

To identify any additional controls that might be in place to compensate for the lack of segregation of duties, we asked hospital personnel whether anyone periodically reconciled birth statistics with the total number of hospital birth registrations. Representatives from 20 of the hospitals reported they did not perform this type of reconciliation. Representatives from the other four hospitals indicated they compared statistics for birth registrations with other hospital data. However, we determined the individuals who made the comparisons at three of these hospitals were not independent of the birth registration process.

While our audit did not disclose any instances of suspected impropriety, we believe some type of additional compensating controls, such as the periodic reconciliations mentioned above, are needed to reduce the program's vulnerability to potential error and misuse.

SSA ASSIGNED MULTIPLE SSNS TO NEWBORNS

Our review of SSA's Modernized Enumeration System (MES) Transaction History File data for SSN cards issued to children age 1 year and under during Calendar Year (CY) 1999 disclosed 178 instances where SSA assigned a child 2 different SSNs that were not cross-referenced. We believe SSA assigned multiple SSNs to these children for the following reasons:

- system edits did not detect when duplicate SSN applications for a child were processed on the same day (for example, when there were minor differences in the names provided on the two applications);
- system edits did not recognize SSNs previously assigned to children, usually because of minor differences in the names provided on the second applications; and
- FO personnel failed to appropriately resolve system edit exceptions.

While we did not find evidence that these childrens' SSNs had been used for unauthorized purposes, we are still concerned about SSA's vulnerability in cases of this nature. In fact, SSA considers such cases "critical errors" when calculating its annual SSN accuracy rate.³

UNTIMELY TRANSMISSION OF BIRTH RECORDS COULD DIMINISH THE EFFECTIVENESS OF THE EAB PROCESS

Some BVSs did not transmit birth records to SSA within the time frame specified in contracts executed by both SSA and the States/jurisdictions. In fact, during CYs 1999 and 2000, 21 (40 percent) of the 53 participating BVSs did not transmit birth records to SSA within an average of 30 days of the child's date of birth, as required by their contracts. As a result, some parents became impatient and applied for SSNs again at SSA FOs.

Our analysis of the MES data extract we obtained for CY 1999 disclosed 67,206 instances, nationwide, in which parents submitted a second SSN application when they did not receive the card through EAB within 30 days of the child's date of birth.⁴ Based on unit cost data obtained from SSA, we estimate it cost the Agency approximately \$1.26 million to process these second SSN requests through its FOs.⁵ If the timeliness of EAB application submissions does not improve, and all variables remain constant, SSA may reduce the savings otherwise realized from the EAB program by approximately \$12.6 million between CYs 2000 and 2009. Because the trend in issuance of SSN cards via the EAB program during the last 3 years indicates a

³ SSA's Office of Quality Assurance within the Office of the Deputy Commissioner for Finance, Assessment and Management defines a "critical error" as either a misassigned number or the assignment of multiple numbers which are not properly cross-referenced.

⁴ We identified the 67,206 instances by analyzing the CY 1999 MES Transaction History File data extract. Specifically, we identified all "original" SSNs FOs issued to children 1-year-old and under in CY 1999 that also had corresponding "replacement" transactions processed through EAB. We then eliminated those transactions in which parents applied for original SSNs at FOs within the 30-day period allowed by the contract.

⁵ According to SSA, in FY 2000, it cost the Agency \$18.70 to process an SSN application taken by FO personnel. Therefore, we calculated our estimate as follows: 67,206 x \$18.70 = \$1,256,752 rounded to \$1.26 million.

slight increase from year to year (3.59 million in FY 1998, 3.65 million in FY 1999, and 3.82 million in FY 2000), we believe the use of CY 1999 data in calculating the 10-year estimate results in a conservative amount.

The EAB Project Officer informed us that he continually monitors BVS processing times and, in September 2000, an SSA Contract Specialist contacted 10 of the BVSs with slower submission averages to encourage more timely submissions. As of December 31, 2000, the average processing times for these 10 BVSs still ranged from 40 to 111 days. At the exit conference, the EAB Project Officer provided us additional data for the 3-month period ended July 27, 2001 that indicated 7 of the 10 BVSs still had not complied with their contracts at that time.⁶ The average processing times for the seven BVSs still ranged from 32 days to 148 days, with the average being 63 days. Accordingly, we believe SSA should continue to work with these BVSs to reduce their processing times.

CONCLUSIONS AND RECOMMENDATIONS

The birth registration data provided to SSA by the test hospitals and BVSs was generally accurate and reliable. However, weaknesses exist in controls and operations that we believe SSA needs to address to reduce the EAB program's vulnerability to potential error and misuse and to enhance program efficiency.

We recommend that SSA:

- Re-invest some of the savings realized by the EAB program and provide necessary funding, during future contract modifications, for the BVSs to perform periodic, independent reconciliations of registered births with statistics obtained from hospitals' labor and delivery units and periodically verify the legitimacy of sample birth records obtained from hospitals.
- Enhance its duplicate record detection and prior SSN detection routines to provide greater protection against the assignment of multiple SSNs.
- Instruct FO personnel to exercise greater care when resolving enumeration feedback messages generated by the system.
- Cross-reference multiple SSNs SSA assigned to the 178 children within our sample. We will provide further details regarding these individuals under separate cover.
- Continue to monitor the timeliness of BVS submissions and work with those BVSs having difficulty complying with the time frames specified in the contracts.

⁶ We did not determine the reliability of this data.

AGENCY COMMENTS

SSA agreed with all of our recommendations. The Agency also provided technical comments that we considered and incorporated, where appropriate. The full text of SSA's comments is included in Appendix B.

Table of Contents

	Page
INTRODUCTION	1
RESULTS OF REVIEW.....	4
SSA WAS VULNERABLE TO POTENTIAL ERROR AND/OR MISUSE DUE TO LACK OF SEGREGATION OF DUTIES WITHIN HOSPITALS' BIRTH REGISTRATION UNITS	4
SSA ASSIGNED MULTIPLE SSNS TO NEWBORNS.....	5
UNTIMELY TRANSMISSION OF BIRTH RECORDS COULD DIMINISH THE EFFECTIVENESS OF THE EAB PROCESS	7
CONCLUSIONS AND RECOMMENDATIONS	9
AGENCY COMMENTS	9
OTHER MATTERS.....	10
SSA ASSIGNED SSNs TO CHILDREN WHOSE FIRST NAMES WERE “INFANT” OR “BABY”	10
PARENTS’ REQUESTS FOR SSNs NOT ALWAYS ADEQUATELY DOCUMENTED.....	10

APPENDICES

Appendix A – Summary of Multiple SSN Cases Identified in Four Test States

Appendix B – Agency Comments

Appendix C – OIG Contacts and Staff Acknowledgements

Acronyms

BVS	Bureau of Vital Statistics
CY	Calendar Year
EAB	Enumeration at Birth
EFM	Enumeration Feedback Message
FO	Field Office
FY	Fiscal Year
MES	Modernized Enumeration System
OIG	Office of the Inspector General
SSA	Social Security Administration
SSN	Social Security Number

Introduction

OBJECTIVE

The objectives of the audit were to determine whether (1) participating hospitals and Bureaus of Vital Statistics (BVS) provide the Social Security Administration (SSA) accurate and reliable information under the Enumeration at Birth (EAB) program and (2) SSA's internal controls adequately protect the integrity of the process.

BACKGROUND

Implemented in 1990, the EAB program assigns Social Security numbers (SSN) to newborns, with parental approval, as part of States' and certain jurisdictions' birth registration processes. SSA developed EAB in response to increased demand for SSNs for children at earlier ages, especially for tax and other financial requirements. SSA recognized that all the information needed to process an SSN application for a newborn was captured during the hospital birth registration process. Therefore, SSA contracted with State and certain jurisdiction BVSs to obtain birth registration data. The birth registration data serve as evidence of age, identity, and citizenship for purposes of assigning an SSN to a child.

**SSA Assigned
4 Million
Original SSNs
Through EAB in
FY 2000**

SSA designed EAB as a convenient service option for parents to complete an SSN application. About 69 percent of the original SSNs assigned by SSA annually are processed through the EAB program. SSA estimates approximately 75 percent of newborns receive SSNs via EAB.¹ During Fiscal Year (FY) 2000, SSA assigned about 4 million original SSNs to newborns via EAB. As of September 1997, all 50 States, as well as certain jurisdictions (Puerto Rico, New York City, and the District of Columbia), participated in EAB.

Because the EAB program provides SSNs through the birth registration process, SSA's enumeration workload has significantly decreased since its implementation. The FY 2000 unit cost of processing SSN applications submitted at field offices (FO) was \$18.70. Accordingly, the EAB program could save SSA about \$60 million in administrative costs, annually.²

¹ We did not determine the reliability of this data.

² According to SSA, it cost the Agency \$18.70 in FY 2000 to process an SSN application taken by FO personnel. Additionally, in FY 2000, SSA's cost to process an EAB transaction was \$3.74. Therefore, we estimated savings as follows: $\$18.70 - \$3.74 = \$14.96 \times 4 \text{ million} = \59.84 million (rounded to \$60 million.)

SCOPE AND METHODOLOGY

To accomplish our objectives, we reviewed applicable laws,³ regulations,⁴ and SSA procedures.⁵ In addition, we held discussions with SSA Headquarters personnel and made site visits to BVSs and 24 hospitals located in California, Florida, Texas, and Virginia. We selected these States for review based on the number of EAB submissions, timeliness of submissions to SSA, and geographic location. Factors we considered in selecting the hospitals included the number of EAB submissions, type of facility (that is, public or private), and geographic location.

We interviewed personnel at each of the four BVSs to obtain an understanding of the procedures they followed in processing both paper and electronic versions of birth certificates received from the hospitals and transmitting the EAB records to SSA's National Computer Center. In addition, we interviewed hospital personnel to obtain an understanding of the processes they followed to collect birth registration information on newborns, prepare birth certificates, and transmit both paper and electronic versions of the certificates to the BVSs. During the site visits, we also verified birth registration data obtained from the BVSs against the hospitals' records for 890 newborns whose parents elected to use the EAB process. We randomly selected these records from 29,943 EAB applications processed by the 4 BVSs during the quarter ended December 31, 1999. At each location, we inquired about controls in place to ensure the integrity of the birth registration data.

In conjunction with the audit, we obtained SSA's Modernized Enumeration System (MES) Transaction History File data for children age 1 year and under whom SSA issued original and/or replacement SSN cards during Calendar Year (CY) 1999. After standardizing the mailing addresses, we identified addresses in our test States (California, Florida, Texas, and Virginia) that received multiple SSN cards. We then reviewed these matches to identify situations where SSA assigned a child more than one SSN and situations indicative of possible SSN misuse.

We also assessed the participating States' and other jurisdictions' timeliness in submitting birth registration data to SSA. Using the data extracted from MES for CY 1999, we calculated an estimate of the savings SSA may not realize between CYs 2000 and 2009 if States and other jurisdictions do not reduce their processing times.

³ Section 205 [42 U.S.C. 405] (c)(2)(B)(i) and (ii) of the Social Security Act, as amended.

⁴ 20 C.F.R. § 422.103 (b) and (c)

⁵ Program Operations Manual System (POMS), sections RM 00202.001 and RM 00202.035.

The SSA entities audited were the Office of Public Service and Operations Support under the Deputy Commissioner for Operations and the Office of Systems Analysis under the Deputy Commissioner for Systems. We performed our audit field work from January 2000 through April 2001. We conducted our audit in accordance with generally accepted government auditing standards.

Results of Review

The procedures followed by the 24 hospitals and 4 BVSs we visited were generally adequate to ensure the accuracy of birth registration data provided to SSA for the enumeration of newborn children. However, we identified weaknesses in existing controls and operations we believe SSA needs to address to reduce the EAB program's vulnerability to potential error and/or misuse and to enhance program efficiency.

SSA WAS VULNERABLE TO POTENTIAL ERROR AND/OR MISUSE DUE TO LACK OF SEGREGATION OF DUTIES WITHIN HOSPITALS' BIRTH REGISTRATION UNITS

Hospital Clerks Were Involved in All Aspects of the Registration Process

In all of the hospitals we visited, we noted there was a lack of segregation of duties within the hospitals' birth registration units. Generally, the clerks in these units were involved in all aspects of the process. The lack of separation of duties increases the likelihood that errors or irregularities could occur within the EAB program

without being detected in a timely manner. Additionally, it is possible that a clerk could generate a certificate of live birth for a nonexistent child.

Personnel working in the hospitals' birth registration units gathered information needed to prepare certificates of live birth from hospital records (for example, labor and delivery logs) and from the childrens' parents. After keying the information into the personal computers and printing the certificates, they asked the parents to verify the accuracy of the data and sign the certificates. They then obtained the signatures of the attending physicians or other hospital certifiers and forwarded the electronic and paper versions of the certificates to the BVS.

Internal controls serve as a first-line defense in safeguarding assets and preventing and detecting errors and fraud. One commonly used control activity is the segregation of duties. Under this concept, no one individual should control all key aspects of a process, transaction or event. Staff size limitations may obstruct efforts to properly segregate duties. However, compensating controls should be implemented in such instances.

We believe a periodic reconciliation of birth statistics with the total number of hospital birth registrations could serve as a compensating control. Accordingly, we asked hospital personnel if anyone performed such reconciliations. Hospital representatives at 20 of the hospitals reported they did not perform such reconciliations. Representatives of the other four hospitals indicated they compared statistics for birth registrations with other hospital data. However, we determined the individuals who made the comparisons at three of these hospitals were not independent of the birth registration process.

Although we did not identify any apparent instances of impropriety, we believe additional controls are needed to compensate for the lack of segregation of duties within the hospitals' birth registration units. We further believe that periodic, independent reconciliations similar to those described above would satisfy this need. In addition, we believe it would be most desirable for an independent party within the BVSs to perform the reconciliations. To do so would necessitate the BVSs obtaining statistical information from the hospitals' labor and delivery units, but it would provide protection against internal error and/or misuse at both the hospital and BVS levels.

Our audit also showed that neither SSA nor the BVSs verified the legitimacy of birth registration data the hospitals submitted. SSA accepts the birth registration data received from the BVSs as evidence of a child's age, citizenship, and identity.

SSA's policy requires applicants for SSNs to provide evidence of age, citizenship, and identity.⁶ A birth certificate is considered acceptable evidence of age and citizenship, but not identity. This policy is true for newborns as well as other children and adults who are enumerated through field office input. Such applicants are required to provide other forms of evidence to prove identity. Examples of acceptable identity documents for newborns are vaccination and medical records.

Accordingly, we believe there is also a need for some form of verification of birth information provided by the hospitals. Such verification could be accomplished by requesting that the hospital's labor and delivery units verify a sample of births when providing statistical information needed to perform the reconciliation mentioned above. We believe such verifications, coupled with a reconciliation, would greatly enhance protection against possible error and misuse.

SSA ASSIGNED MULTIPLE SSNS TO NEWBORNS

Our analysis of records contained in SSA's MES Transaction History File for children age 1 and under who received SSN cards during CY 1999, disclosed 178 instances where the Agency assigned a child 2 unique SSNs that were not cross-referenced to each other. We believe SSA erroneously assigned these children more than one SSN for the following reasons:

- system edits did not detect when duplicate SSN applications for a child were processed on the same day (for example, when there were minor differences in the names provided on the two applications);
- system edits did not recognize SSNs previously assigned to children, usually because of minor differences in the names provided on the second applications; and

⁶ POMS, section RM 00203.001.

- FO personnel failed to appropriately resolve system edit exceptions.

Assignment of more than one SSN to an individual causes concern because of the opportunity it creates for program abuse and/or identity fraud. In fact, SSA considers such cases “critical errors” when calculating its annual SSN accuracy rate.⁷ Each of the three causes for the assignment of the multiple SSNs is discussed in greater detail in the following sections. Appendix A also contains additional information about the 178 cases (such as the sources of the SSN requests).

Duplicate Record Detection Routine

When SSA’s MES processes each SSN application, the system runs an “edit routine” to determine whether any duplicate applications were submitted on the same date. In doing so, MES compares certain positions of the applicants’ first and last names and dates of birth with other applications processed that day. Additionally, the edit routine compares birth certificate numbers for records submitted via the EAB process. However, the duplicate record detection routine does not consider two SSN applications to be duplicates unless these data fields match exactly. For example, if the birth certificate numbers for two EAB records are different, the records are not treated as possible duplicates even if the other data fields are identical.

In 17 cases we identified, where both records were entered into MES on the same date, the matched records contained identical applicant names and dates of birth but different birth certificate numbers. Therefore, MES did not recognize them as duplicates. In six other cases, MES failed to recognize the records as possible duplicates because of a variance of one or two characters in the applicants’ names.

We believe SSA needs to enhance its duplicate record detection routine to provide greater assurance of identifying duplicate requests submitted on the same day.

Previously Assigned SSN Detection Routine

Once a record passes the duplicate record detection routine, MES searches its SSN master file for SSNs the Agency may have previously assigned the applicant. During the search, the system compares numerous fields of data on the incoming record with the master file.

Our audit disclosed 93 instances where system edits failed to identify an SSN previously assigned to a child. In each of these cases, there was a variance of only one or two characters in the applicants’ first names as shown on the matched records. We believe SSA needs to enhance its search routine to provide greater assurance of identifying previously assigned SSNs.

⁷ SSA’s Office of Quality Assurance within the Office of the Deputy Commissioner for Finance, Assessment and Management defines a “critical error” as either a misassigned number or the assignment of multiple numbers which are not properly cross-referenced.

Inappropriate Resolution of Enumeration Feedback Messages

In 62 of the 178 cases, the system generated an Enumeration Feedback Message (EFM) on 1 or both of the matched records. In 8 of the 62 cases, the EFMs were generated because the applicants alleged having previously applied for or received SSN cards. In the other 54 cases, the EFMs were generated because the system found a record on the SSN master file containing applicant information similar to that shown on the incoming record.

It should be noted that in 44 of the 62 cases, the applicant names on the matched records were identical. In five of the cases, the applicants' names were identical except for the suffixes. Furthermore, while there were some differences in the applicants' middle names in the other cases, the first and last names were identical. For example, in some cases, one record contained a middle name while the other record either contained a middle initial or no middle name at all.

In conclusion, we believe FO personnel need to exercise greater care when resolving EFMs. In addition, we believe FO personnel need to establish the practice of querying the SSN master file when resolving EFMs to ensure the applicants have not already been assigned an SSN.

UNTIMELY TRANSMISSION OF BIRTH RECORDS COULD DIMINISH THE EFFECTIVENESS OF THE EAB PROCESS

Some BVSs did not transmit birth records to SSA within the time frame specified in the contracts executed by SSA and the States/jurisdictions. As a result of the slow transmissions, some parents became impatient and applied for their children's SSNs through SSA's FOs even though the SSNs were previously requested using the EAB process.

Our analysis of the MES data extract we obtained for CY 1999 disclosed 67,206 instances, nationwide, in which parents submitted a second SSN application at an SSA FO when they did not receive the card through EAB within 30 days of the child's date of birth.⁸ Based on unit cost data obtained from SSA, we estimate it costs the Agency approximately \$1.26 million to process these second SSN requests.⁹ If the timeliness of EAB application submissions does not improve, and all variables remain constant, SSA may reduce the savings otherwise realized from the EAB program by approximately \$12.6 million between CYs 2000 and 2009. Because the trend in

⁸ We identified the 67,206 instances by analyzing the CY 1999 MES Transaction History File data extract. Specifically, we identified all "original" SSNs FOs issued to children 1-year-old and under in CY 1999 that also had corresponding "replacement" transactions processed through EAB. We then eliminated those transactions in which parents applied for original SSNs at FOs within the 30-day period allowed by the contract.

⁹ According to SSA, in FY 2000 it cost the Agency \$18.70, to process an SSN application taken by FO personnel. Therefore, we calculated our estimate as follows: 67,206 x \$18.70 = \$1,256,752 rounded to \$1.26 million.

issuance of SSN cards via the EAB program during the last 3 years indicates a slight increase from year to year (3.59 million in FY 1998, 3.65 million in FY 1999, and 3.82 million in FY 2000), we believe the use of CY 1999 data in calculating the 10-year estimate results in a conservative amount.

Section F.2. of SSA's standard contract with each of the participating States and jurisdictions requires the BVSs to transmit files containing birth certificate data to SSA with sufficient frequency to ensure the data are received within an average of 30 calendar days from the date of birth of the individuals for whom enumeration has been requested. Review of statistical data provided by the EAB Project Officer showed that 21 BVSs failed to comply with this contract provision during CYs 1999 and 2000. Two of our 4 test states, Virginia and Florida, were included in the 21 BVSs for each year.

Average processing times for the 21 BVSs ranged from 31 to 85 days during CY 2000 and 31 to 108 days during CY 1999. The average processing time for the 21 BVSs during CY 2000 was 50.2 days as compared to 47.3 for CY 1999, an increase of 6 percent over the previous year.

We believe the untimely transmissions by the BVSs could diminish the effectiveness of the EAB process. The additional SSN requests parents made at the FOs increase the FOs' workloads. Duplication of costs also occurs because SSA is contractually obligated to reimburse the BVSs for the birth data even though they are no longer needed to assign the childrens' SSNs. In addition to cost, untimely submissions result in reduced customer program satisfaction because the parents don't receive the SSN cards as soon as they want or need them.

The EAB Project Officer informed us he continually monitors the BVS processing times, and, in September 2000, an SSA Contract Specialist contacted 10 of the BVSs with slower submission averages to encourage more timely submissions. As of December 31, 2000, the average processing times for these 10 BVSs ranged from 40 to 111 days. At the exit conference, the EAB Project Officer provided us additional data for the 3-month period ended July 27, 2001 that indicated 7 of the 10 BVSs still had not complied with their contracts at that time.¹⁰ The average processing times for the 7 BVSs ranged from 32 days to 148 days, with the average being 63 days. Accordingly, we believe SSA should continue to work with these BVSs to reduce their processing times.

¹⁰ We did not determine the reliability of this data.

Conclusions and Recommendations

The birth registration data provided by the hospitals and BVSs we visited were generally accurate and reliable. However, review of the procedures and related controls employed by the hospitals, cognizant BVSs, and SSA disclosed the need for SSA to establish additional controls to reduce the EAB program's vulnerability to potential error and misuse and to enhance program efficiency.

We recommend that SSA:

1. Re-invest some of the savings realized by the EAB program and provide necessary funding, during future contract modifications, for the BVSs to perform periodic, independent reconciliations of registered births with statistics obtained from hospital's labor and delivery units and to periodically verify the legitimacy of sample birth records obtained from the hospitals.
2. Enhance its duplicate record detection and prior SSN detection routines to provide greater protection against the assignment of multiple SSNs.
3. Instruct FO personnel to exercise greater care when resolving EFMs generated by the system.
4. Cross-reference multiple SSNs SSA assigned to the 178 children within our sample. We will provide further details regarding these individuals to SSA under separate cover.
5. Continue to monitor the timeliness of BVS submissions and work with those BVSs that are having difficulty complying with the time frames specified in the contracts.

AGENCY COMMENTS

SSA agreed with all of our recommendations. The Agency also provided technical comments that we considered and incorporated, where appropriate. The full text of SSA's comments is included in Appendix B.

Other Matters

SSA ASSIGNED SSNs TO CHILDREN WHOSE FIRST NAMES WERE “INFANT” OR “BABY”

Analysis of MES Transaction History File data for CY 1999 for the 4 test States disclosed 74 instances where SSA assigned a child with the first name of “Infant” or “Baby” an SSN through the EAB program. While SSA’s contracts with the BVSs provides that a birth record for a newborn child shall not be transmitted to SSA where the parents have not named the child, SSA has not implemented edits to detect unacceptable names such as Baby Jones. Therefore, we believe SSA needs to implement automated edits to identify such records and prevent the assignment of SSNs to unnamed children.

PARENTS’ REQUESTS FOR SSNs NOT ALWAYS ADEQUATELY DOCUMENTED

Section C.2.A. of SSA’s contracts with the BVSs requires the BVSs to record the parent’s request for an SSN on either the birth registration document or another official record of the jurisdiction. Each of the four BVSs we visited had designed their birth certificates to capture the parent’s request. However, during our review of documentation for sample births, we noted 18 instances where the parents had not signed the birth certificates to authorize the request for the SSNs. Without the parents’ signatures, SSA does not have the proper authority to assign new SSNs to the children.

We believe the BVSs failed to detect the lack of signatures on the birth certificates due to clerical oversight. Therefore, we encourage SSA to instruct the BVSs to re-emphasize to their personnel the need to ensure that parents have signed the certificates.

Appendices

Appendix A

SUMMARY OF MULTIPLE SOCIAL SECURITY NUMBER CASES IDENTIFIED IN FOUR TEST STATES

The following table indicates whether (1) the two Social Security number (SSN) applications in each match originated solely from the enumeration at birth (EAB) process or from a combination of the EAB process and field office (FO) input; (2) the two applications in each match were entered into the Social Security Administration's Modernized Enumeration System (MES) on the same or different dates; or (3) MES generated an enumeration feedback message (EFM) for these transactions.

		Two SSNs Assigned to Newborn Via EAB On:		Two SSNs Assigned to Same Child Via EAB & FO Input On:		Total	Total Cases By State
		Same Day	Different Day	Same Day	Different Day		
California	EFM	2	0	4	27	33	69
	No EFM	0	0	1	35	36	
Florida	EFM	0	0	3	8	11	58
	No EFM	16	0	1	30	47	
Texas	EFM	2	7	1	7	17	41
	No EFM	2	6	1	15	24	
Virginia	EFM	0	0	0	1	1	10
	No EFM	1	0	1	7	9	
TOTAL		23	13	12	130	<u>178</u>	

Appendix B

Agency Comments



SOCIAL SECURITY

MEMORANDUM

Date: September 24, 2001 Refer To: S1J3

To: James G. Huse, Jr.
Inspector General

From: Larry G. Massanari
Acting Commissioner of Social Security

Subject: Office of the Inspector General (OIG) Draft Report: "Audit of Enumeration at Birth Program" (A-08-00-10047)—INFORMATION

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

Staff questions may be referred to Dan Sweeney on extension 51957.

Attachment

**COMMENTS ON THE OFFICE OF THE INSPECTOR GENERAL (OIG) DRAFT REPORT,
“AUDIT OF ENUMERATION AT BIRTH PROGRAM” (A-08-00-10047)**

Recommendation 1

Reinvest some of the savings realized by the Enumeration at Birth (EAB) program and provide necessary funding, during future contract modifications, for the Bureaus of Vital Statistics (BVS) to perform periodic independent reconciliations of registered births with statistics obtained from hospital's labor and delivery units and to periodically verify the legitimacy of sample birth records obtained from the hospitals.

Comment

We agree in principle with this recommendation. Current EAB contracts expire on December 31, 2002. Negotiations for the new EAB contracts with the States are expected to begin in June 2002. The new EAB contracts will take effect on January 1, 2003, and will most likely continue through December 31, 2007. We will propose the recommended review to the States in this contract negotiation.

Recommendation 2

Enhance its duplicate record detection and prior Social Security number (SSN) detection routines to provide greater protection against the assignment of multiple SSNs.

Comment

We agree on the issue of duplicate record detection. The Agency's 5-year Systems Plan Steering Committee will discuss the scheduling priority for a systems exception to prevent the assignment of multiple SSNs for identical cases with different birth certificate numbers. The next meeting of the Steering Committee will take place in the first quarter of fiscal year 2002.

We agree that there are cases where a subsequent SSN application is not identified due to minor changes to the names. We will look at the detection routines and practices to see whether there are feasible software modifications to the Automated Enumeration Screening Process that would provide greater protection.

Recommendation 3

Instruct FO personnel to exercise greater care when resolving enumeration feedback messages (EFM) generated by the system.

Comment

We agree. The Office of Operations plans to release within 90 days an Emergency Message (EM) to the regions and field offices on enumeration issues. The message will include a reminder to exercise greater care in resolving EFMs.

Recommendation 4

Cross-reference multiple SSNs assigned to the 178 children within our sample.

Comment

We agree. We expect to complete cross-referencing the 178 cases by the end of November 2001. In addition, we will review the cases to determine if further refinements can be made to the systems edit routine to prevent the assignment of duplicate SSNs. We expect to complete this review and determine whether any additional systems refinements are warranted by the end of December 2001. We will also include a reminder in the EM mentioned above to follow existing instructions for cross-referencing duplicate SSNs.

Recommendation 5

Continue to monitor the timeliness of BVS submissions and work with those BVSs that are having difficulty complying with the time frames specified in the contracts.

Comment

We agree with this recommendation, and have taken a number of actions with the States to assist them in complying with current contract timeframes.

We have attended a national yearly conference of all State registrars and have presented EAB findings to the participants on several occasions. On August 22, 2000, we established a Frequently Asked Question (FAQ) on SSA's Internet site - "How long does it take to get a Social Security card for a newborn?" The site's response for this question provides each State's average processing times for the public and for the States to compare their performance against other States. This site is updated monthly.

Our regional offices receive management information reports for every EAB file submission by their respective States. The regions use these reports to monitor and keep in constant contact with their respective States regarding file submissions and average processing times. Additionally, on several occasions, the Office of Acquisitions and Grants has sent performance letters to the State Registrars to remind them of the contract timeframe requirements and their need to improve their performance. Most recently, we have worked with our regional offices to explore with States possible methods to reduce their processing times.

Average age is a moving target that is dependent on many factors in the States. Lack of state funding, inability to hire staff and keying backlogs all enter into this delicate equation. We, therefore, take 3-month snapshots and work with the States with average processing times over 30 days. We have been very successful in many States in reducing average processing times below the 30-day national average. In reference to the 10 jurisdictions/States cited in the report for higher average processing times, we successfully reduced the times for six jurisdictions/States (District of Columbia from 64 to 39 days, Louisiana from 65 to 44 days,

Mississippi from 68 to 32 days, Montana from 108 to 24 days, New Jersey from 71 to 21 days, and Oklahoma from 71 to 22 days).

We do still have several States that are consistently above the 30-day average and we hope to offer them solutions to bring their processing times into contract compliance. One example of our recent activities is a proposed process to have Illinois reduce its processing time by sending us birth information with a control number rather than waiting for a birth certificate number to be assigned. This should significantly reduce Illinois' average processing time from a current 56 days to under 30 days. Illinois will require a minimum of 6 months to implement the new programming for this process. Our Atlanta regional office is currently working with State Registrars in North Carolina and Kentucky to reduce their average processing times. Both States suffer from lack of funding and inability to hire staff. North Carolina has recently hired more temporary staff to help reduce their keying backlog, and Kentucky is working on a plan for 2003 to fully automate their birth and death processing.

We will continue to monitor all States' processing times, and discuss with States any problems causing the high processing times and possible methods for resolving them.

Other Matters

Regarding EAB transmission of unnamed birth certificate information, a proposal for changes to prevent the assignment of SSNs to children with the first name of "Infant" or "Baby" will be submitted within 90 days by the Office of Operations to the 5-year Systems Plan Steering Committee. Additionally, for the 2003 contracts, we will negotiate a specific contract provision that states unnamed children (including those with the first name of "Infant" or "Baby") are an exception to EAB processing.

Regarding the lack of signatures on the birth certificates, we will include language in the 2003 contracts that hospitals must record the parent's request for an SSN on either the birth registration document or another official record of the jurisdiction.

Appendix C

OIG Contacts and Staff Acknowledgements

OIG Contacts

Kimberly Byrd, Acting Director, Operations Audit Division, (205) 801-1605

Cliff McMillan, Senior Auditor, (205) 801-1602

Acknowledgments

In addition to those named above:

Theresa Roberts, Auditor

Kathy Youngblood, Senior Auditor

Jeff Pounds, Senior Program Analyst

Charles Lober, Senior Auditor

Reginia Grider, Senior Auditor

Kimberly Beauchamp, Writer/Editor

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-08-00-10047.

DISTRIBUTION SCHEDULE

	<u>No. of Copies</u>
Commissioner of Social Security	1
Management Analysis and Audit Program Support Staff, OFAM	10
Inspector General	1
Assistant Inspector General for Investigations	1
Assistant Inspector General for Executive Operations	3
Assistant Inspector General for Audit	1
Deputy Assistant Inspector General for Audit	1
Director, Systems Audit Division	1
Director, Financial Management and Performance Monitoring Audit Division	1
Director, Operational Audit Division	1
Director, Disability Program Audit Division	1
Director, Program Benefits Audit Division	1
Director, General Management Audit Division	1
Issue Area Team Leaders	25
Income Maintenance Branch, Office of Management and Budget	1
Chairman, Committee on Ways and Means	1
Ranking Minority Member, Committee on Ways and Means	1
Chief of Staff, Committee on Ways and Means	1
Chairman, Subcommittee on Social Security	2
Ranking Minority Member, Subcommittee on Social Security	1
Majority Staff Director, Subcommittee on Social Security	2
Minority Staff Director, Subcommittee on Social Security	2
Chairman, Subcommittee on Human Resources	1
Ranking Minority Member, Subcommittee on Human Resources	1
Chairman, Committee on Budget, House of Representatives	1
Ranking Minority Member, Committee on Budget, House of Representatives	1
Chairman, Committee on Government Reform and Oversight	1
Ranking Minority Member, Committee on Government Reform and Oversight	1
Chairman, Committee on Governmental Affairs	1

Ranking Minority Member, Committee on Governmental Affairs	1
Chairman, Committee on Appropriations, House of Representatives	1
Ranking Minority Member, Committee on Appropriations, House of Representatives	1
Chairman, Subcommittee on Labor, Health and Human Services, Education and Related Agencies, Committee on Appropriations, House of Representatives	1
Ranking Minority Member, Subcommittee on Labor, Health and Human Services, Education and Related Agencies, Committee on Appropriations, House of Representatives	1
Chairman, Committee on Appropriations, U.S. Senate	1
Ranking Minority Member, Committee on Appropriations, U.S. Senate	1
Chairman, Subcommittee on Labor, Health and Human Services, Education and Related Agencies, Committee on Appropriations, U.S. Senate	1
Ranking Minority Member, Subcommittee on Labor, Health and Human Services, Education and Related Agencies, Committee on Appropriations, U.S. Senate	1
Chairman, Committee on Finance	1
Ranking Minority Member, Committee on Finance	1
Chairman, Subcommittee on Social Security and Family Policy	1
Ranking Minority Member, Subcommittee on Social Security and Family Policy	1
Chairman, Senate Special Committee on Aging	1
Ranking Minority Member, Senate Special Committee on Aging	1
Vice Chairman, Subcommittee on Government Management Information and Technology	1
President, National Council of Social Security Management Associations, Incorporated	1
Treasurer, National Council of Social Security Management Associations, Incorporated	1
Social Security Advisory Board	1
AFGE General Committee	9
President, Federal Managers Association	1
Regional Public Affairs Officer	1
Total	97

Overview of the Office of the Inspector General

Office of Audit

The Office of Audit (OA) conducts comprehensive financial and performance audits of the Social Security Administration's (SSA) programs and makes recommendations to ensure that program objectives 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. 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 fraud and inefficiency.

Office of Executive Operations

OEO supports the 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.