
**OFFICE OF
THE INSPECTOR GENERAL**

SOCIAL SECURITY ADMINISTRATION

**The Social Security Administration's
Controls over the Assignment of
Nonwork Social Security Numbers**

August 2006

A-04-06-16052

AUDIT REPORT



Mission

By conducting independent and objective audits, evaluations and investigations, we inspire public confidence in the integrity and security of SSA's programs and operations and protect them against fraud, waste and abuse. We provide timely, useful and reliable information and advice to Administration officials, Congress and the public.

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SOCIAL SECURITY

MEMORANDUM

Date: August 18, 2006

Refer To:

To: The Commissioner

From: Inspector General

Subject: The Social Security Administration's Controls over the Assignment of Nonwork Social Security Numbers (A-04-06-16052)

OBJECTIVE

We performed this review to determine whether the Social Security Administration (SSA) assigned nonwork Social Security numbers (SSN) to eligible individuals in accordance with Agency policy.

BACKGROUND

SSA assigns nonwork SSNs to noncitizens who do not have permission from the Department of Homeland Security (DHS) to work in the United States. In 2003, SSA ended the practice of assigning nonwork SSNs to noncitizens unless the individual has a valid reason for the number.¹ Specifically, the Agency's revised policy only allows nonwork SSNs to be assigned when (1) a Federal statute or regulation requires that noncitizens provide an SSN to receive a federally funded benefit or service to which they have established an entitlement or (2) a State or local law requires that noncitizens who are legally in the United States provide an SSN to receive public assistance benefits to which they are entitled and for which all other requirements have been met. SSA assigns these individuals SSN cards with a "not valid for employment" annotation.²

When a noncitizen applies for a nonwork SSN, he or she must complete, sign, and submit a Form SS-5, *Application for a Social Security Card*.³ While at the SSA field office or Foreign Service Post,⁴ the applicant must provide evidence of age as well as

¹ 68 Fed. Reg. 55304 (Sept. 25, 2003).

² 20 C.F.R. 422.104.

³ 20 C.F.R. 422.103.

⁴ When a noncitizen resides outside the United States and requests an SSN at a Foreign Service Post, evidence of immigration status does not need to be provided. SSA Program Operations Manual System (POMS), RM 00203.510 A.2.a.

identification and evidence of current immigration status.⁵ The applicant must also present a letter from the appropriate Government entity explaining the need for the SSN.⁶ The letter must specifically identify the noncitizen, the nonwork reason for which an SSN is required, the relevant statute or regulations requiring the SSN as a condition to receive the benefit or service, and the name and telephone number of an official who can verify the information. Further, the letter should state the noncitizen meets all the requirements to receive the benefit/service, but an SSN is required to complete the process. SSA field office staff determines the validity of supporting evidentiary documents and records the required SSN application information in the Modernized Enumeration System (MES). If the information passes MES edits, an SSN is assigned, a Social Security card is issued, and a record is established in SSA's information systems. Appendix B provides a detailed description of how SSA assigns SSNs to noncitizens.

SSA has significantly decreased the number of nonwork SSNs it assigns to noncitizens. In Fiscal Year (FY) 1995, SSA assigned nearly 550,000 nonwork SSNs. By FY 2005, SSA had reduced the number of nonwork SSNs it assigned to less than 15,000. We attribute this reduction to SSA's consistent efforts to educate field office staff on the importance of issuing nonwork SSNs only to qualified individuals. Appendix C details the number of nonwork SSNs assigned for FYs 1995 through 2005.

SCOPE AND METHODOLOGY

We reviewed a random sample of 200 nonwork SSNs. We selected our sample from a universe of 7,688 nonwork SSNs assigned during the period January 1 through June 30, 2005. Our audit tested more than one control attribute for each nonwork SSN. Based on information we obtained from MES, we determined whether SSA documented a nonwork reason, as prescribed by SSA policy and, if so, whether the reason was valid. Finally, we determined whether SSA recorded required immigration information in MES when applicable. As a result, some of the assigned nonwork SSNs have more than one reportable issue and are included as audit findings in more than one section of the report.

SSA field offices in Florida processed 107 (53.5 percent) of the 200 nonwork SSNs we randomly sampled. Generally, these nonwork SSNs were assigned because the applicants needed them to receive a State-administered entitlement. Given the high percentage of nonwork SSNs processed in Florida, we expanded our scope to determine whether the State of Florida actually paid entitlements to these nonwork SSN recipients. Further information regarding our scope and methodology and sampling methodology and results are in Appendices D and E, respectively.

⁵ 20 C.F.R. 422.107.

⁶ POMS, RM 00203.510 A.2.b.

RESULTS OF REVIEW

Generally, SSA policies and procedures ensured that nonwork SSNs were assigned for valid nonwork reasons. However, SSA assigned 45 (22.5 percent) of the 200 nonwork SSNs we reviewed when at least 1 technical processing error existed. This included one nonwork SSN that was assigned against SSA policy so a noncitizen could serve as a representative payee.⁷

The most common occurrences of noncompliance were staff's failure to properly document (1) a valid nonwork reason for the SSN and (2) required immigration information. Based on the compliance errors we identified, we estimate approximately 1,730 nonwork SSNs assigned from January 1 through June 30, 2005 did not fully comply with SSA's policy and procedures. Table 1 details the number of nonwork SSNs by type of compliance error.

Table 1: Nonwork SSNs with Compliance Errors

Type of Compliance Error	Number of Occurrences
Valid Nonwork Reason Not Properly Documented	28
Required Immigration Information Not Documented	20
Verification of Immigration Status not Completed Accurately	2
Invalid Nonwork Reason	1
Total Number of Compliance Errors Identified	51
Total Number of Sampled Nonwork SSNs with at Least One Compliance Error	45
Percentage of Sampled Nonwork SSNs with at Least One Compliance Error	22.5

Of the 200 nonwork SSNs we reviewed, Florida field offices assigned 102 (51 percent) SSNs to facilitate the receipt of federally funded State benefits for which the individual established an entitlement.⁸ However, at the time of our review, 32 of the nonwork numberholders had not received the federally funded, State-administered benefit for which they requested the nonwork SSN. We believe SSA could improve controls over the assignment of nonwork SSNs by verifying the authenticity—with the issuing source—of letters claiming the need for a nonwork SSN to obtain applicable benefits.

Despite the technical errors we identified, we are encouraged by SSA's improved controls and procedures for assigning nonwork SSNs. In addition to significant policy changes, SSA implemented system enhancements in FY 2005 that we believe will further prevent the improper assignment of nonwork SSNs.

⁷ When individuals receiving SSA benefits cannot manage or direct the management of their finances because of their youth or mental and/or physical impairments, SSA has the authority to appoint a representative payee to receive and manage the SSA benefits. 20 C.F.R. Part 404 Subpart U, and Part 416 Subpart F.

⁸ Florida field offices assigned 107 of the nonwork SSNs in our sample. However, SSA did not document a valid nonwork reason for five of these nonwork SSNs. Therefore, we could not determine whether these five individuals obtained an SSN to receive a State-administered benefit.

PERSONNEL DID NOT ALWAYS COMPLY WITH PROCEDURES WHEN PROCESSING NONWORK SSN APPLICATIONS

When processing 45 (22.5 percent) of the 200 nonwork SSNs we reviewed, SSA field offices did not always comply with SSA policies and procedures. In most cases, field office personnel failed to record a valid reason for a nonwork SSN and required immigration information. Because our audit tested more than one control attribute for each nonwork SSN, some of the assigned nonwork SSNs have more than one reportable issue and are included as audit findings in more than one section of the report. Based on the compliance errors we identified, we estimate 1,730 nonwork SSNs assigned from January 1 through June 30, 2005 did not fully comply with SSA's policy and procedures.

Nonwork Reasons Were Not Always Properly Documented

For 28 (14 percent) of the 200 sampled nonwork SSNs, SSA field office staff either did not document a reason for assigning the SSN or documented the wrong reason. SSA staff did not document a reason for assigning 27 of the nonwork SSNs. However, we determined that SSA had established a Title II record for 11 of these individuals. Although the reason was not documented when the SSN was processed, the individual ostensibly qualified for Title II benefits and required a nonwork SSN to complete the application process. In the one additional case, SSA documented that the nonwork SSN applicant was entitled to Title II benefits. However, we did not find evidence the individual applied for the benefits. We were unable to determine why SSA assigned the remaining 16 nonwork SSNs.

SSA field office staff who process nonwork SSN applications are required to document a valid nonwork reason based on a review of the evidence submitted by the individual. SSA staff should only approve a nonwork SSN application when the noncitizen can provide documentation substantiating this reason.

Required Immigration Information Was Not Always Documented Correctly

SSA field office staff did not record an alien/admission number in MES for 20 (10 percent) of the 200 nonwork SSN applications we reviewed.⁹ Also, in two cases (1 percent), according to DHS' Systematic Alien Verification for Entitlements (SAVE) program, the alien registration numbers recorded in MES were not associated with the SSN applicants. Specifically, the last names on the nonwork SSN records matched what was recorded in SAVE; however, the first names and the dates of birth recorded did not match those of the nonwork SSN applicants. DHS assigns an alien/admission number to noncitizens when they enter the United States, and SSA uses this number to

⁹ Because some Title II beneficiaries (for example, survivors residing in different countries) may be entitled to benefits without entering the United States—and would not have an alien or admission number—we did not count as an error any nonwork SSN applicant receiving Title II benefits who resided outside the United States (or was not in the United States legally) for whom SSA personnel did not record immigration information.

confirm the authenticity of immigration documents presented by the SSN applicant. SSA policy requires that field office staff enter the applicant's alien/admission number into MES when processing a nonwork SSN application—unless an exception was allowed for individuals receiving Title II benefits who did not reside in the United States or were not in the country legally when they applied for Title II benefits and received their nonwork SSN.

Invalid Nonwork Reason

For 1 of the 200 sampled nonwork SSNs, SSA assigned the number for an invalid reason. SSA assigned the nonwork SSN so a noncitizen could serve as a representative payee for an individual receiving Title II benefits. SSA policy specifically states that SSA should not assign an SSN to a representative payee who would otherwise not be eligible for an SSN.¹⁰

SSA did not document the nonwork reason for 27 of the nonwork SSNs we tested. For 11 of these nonwork SSNs, we determined that SSA had a Title II benefit record, which presumably indicates the SSN was assigned for a valid reason. However, because the 16 remaining nonwork SSNs lacked any evidence of a nonwork reason, we could not determine whether the assignment of a nonwork SSN was appropriate.

NONWORK SSNs ASSIGNED TO FACILITATE PAYMENT OF STATE-ADMINISTERED BENEFITS

Some noncitizens who are eligible to receive federally funded, State-administered benefits require a nonwork SSN to complete the entitlement process. SSA assigns nonwork SSNs to noncitizens when documentation proves entitlement to a State benefit. Of the 200 nonwork SSNs we reviewed, SSA field offices in Florida processed 102 (51 percent) for which the applicants provided evidence they were entitled to a federally funded, State-administered benefit. However, of these 102 individuals, Florida's Department of Children and Families (DCF) stated that 32 never completed the benefit application process and received payment.

In Florida, DCF issues a letter to certain noncitizens explaining that they qualify for a State benefit but need an SSN to complete the entitlement process. The "benefit eligibility letter" identifies benefits the individual is entitled to and requests that SSA process an SSN. This letter is the basis for SSA to assign a nonwork SSN—if the applicant's identity and immigration status are confirmed. We contacted the Florida DCF to determine whether benefits were paid to these 102 individuals. The Florida DCF reported that 32 of these individuals did not receive DCF benefits. Accordingly, although SSA assigned these 32 nonwork SSNs so individuals could obtain State-administered benefits, it appears the SSNs were not used for that purpose. While there

¹⁰ POMS, RM 00203.510 C.10.

may be legitimate reasons these individuals did not obtain the DCF benefits,¹¹ we remain concerned that vulnerabilities exist within the process that may allow a noncitizen to improperly obtain a nonwork SSN with a counterfeit benefit eligibility letter.

According to policy, field office staff is only required to verify the authenticity of a benefit eligibility letter when it appears questionable. However, we believe SSA could improve the controls over the issuance of nonwork SSNs by verifying the authenticity of all benefit eligibility referral letters with the issuing source.

SS-5 ASSISTANT IMPROVES CONTROLS OVER SSN ASSIGNMENT

In March 2005, midway through our audit period, SSA implemented the SS-5 Assistant to improve controls over processing SSN applications. The SS-5 Assistant, a software program that interfaces with MES, assists field office personnel in gathering and recording required SSN application information. According to SSA officials, the SS-5 Assistant prompts field office staff to complete all required data fields and, unlike the traditional enumeration process, will not process the SSN application unless the required information is input. We did not evaluate the improved controls expected from implementation of the SS-5 Assistant. Accordingly, we cannot opine as to whether the SS-5 Assistant will eliminate the technical compliance errors identified in this report. However, because the SS-5 Assistant is intended to correct these types of errors, we will not make a recommendation in this report to address these issues. Our 2007 audit plan includes a review of the SS-5 Assistant. As part of this review, we will determine whether the improved controls have eliminated field office processing errors.

While the SS-5 Assistant is expected to improve the accuracy and completeness of processing nonwork SSNs, SSA can only fully use these benefits if personnel completely embrace the change. Revised policy requires that field office staff use the SS-5 Assistant when processing nonwork SSN applications. However, we determined field office staff occasionally bypassed the SS-5 Assistant. When SSA personnel do not fully comply with all policies and procedures for processing noncitizen SSN applications, the Agency increases its risk of improper SSN assignment. SSA implemented integrity reviews to monitor and reduce the frequency of SSN applications processed outside the SS-5 Assistant. For example, integrity review data from SSA's Region IV indicated that, from August 2005 to February 2006, the monthly percentage of SSNs processed through the SS-5 Assistant increased from 91 to 98.

¹¹ Noncitizens assigned a nonwork SSN to complete a State benefit entitlement process may not always receive the State benefit because they left the State, were subsequently deemed ineligible, or lost U.S. residency status.

CONCLUSION AND RECOMMENDATION

We recognize SSA's efforts cannot fully eliminate the potential that noncitizens may inappropriately acquire and misuse nonwork SSNs. Nonetheless, we believe SSA has a stewardship responsibility to ensure personnel comply with all policies and procedures when assigning these important numbers. We believe SSA would benefit by taking additional steps to strengthen SSN integrity and reduce its risk of exposure to improper SSN assignment. Accordingly we recommend SSA:

1. Consider implementing a requirement that field office personnel verify the authenticity of all State benefit eligibility referral letters presented with nonwork SSN applications.

AGENCY COMMENTS

SSA generally agreed with our recommendation stating it will work with the State of Florida to establish procedures for verifying the authenticity of State benefit eligibility letters. SSA further explained it will monitor the newly implemented verification procedures in Florida to determine whether a similar policy should be implemented nationally.

Also, the Agency expressed a concern that our characterization of the 32 nonwork SSNs assigned to receive Florida State benefits—but for which the numberholders did not receive these benefits—was misleading. The Agency stated that, as written, the report implied the individuals requested and were granted these nonwork SSNs for another purpose. The Agency stated that the report should include information on the most common reasons why applicants did not ultimately receive the State benefits, which are they left the State, lost U.S. residency, or there was a change in circumstance which caused him/her to become ineligible for the benefit. The Agency's comments are included in Appendix F.

OIG RESPONSE

We believe SSA's planned corrective actions adequately addressed our recommendation. Also, we considered the concern SSA expressed in its technical comments and revised our final report as necessary to address the issue.



Patrick P. O'Carroll, Jr.

Appendices

[APPENDIX A](#) – Acronyms

[APPENDIX B](#) – How the Social Security Administration Assigns Social Security Numbers to Noncitizens

[APPENDIX C](#) – Nonwork Social Security Numbers Assigned by Fiscal Year

[APPENDIX D](#) – Scope and Methodology

[APPENDIX E](#) – Sampling Methodology and Results

[APPENDIX F](#) – Agency Comments

[APPENDIX G](#) – OIG Contacts and Staff Acknowledgments

Acronyms

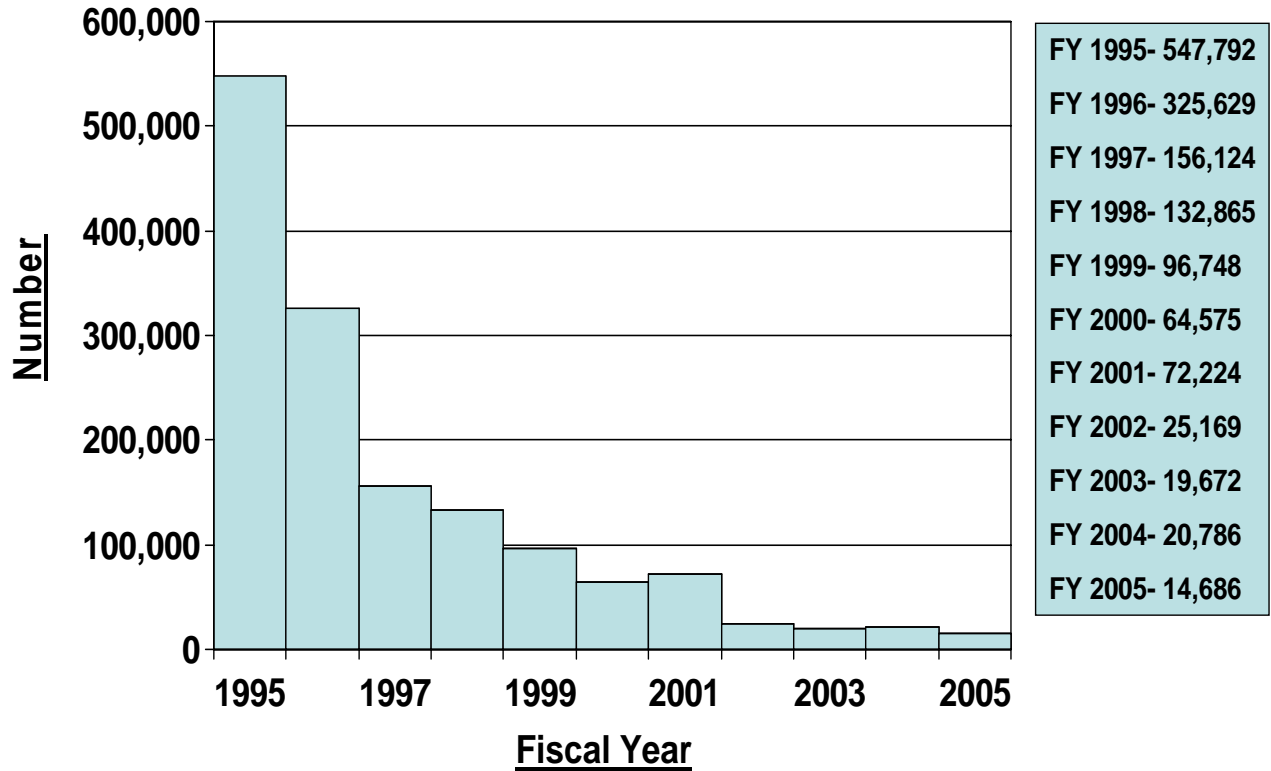
DCF	Department of Children and Families
DHS	Department of Homeland Security
FY	Fiscal Year
OIG	Office of the Inspector General
MES	Modernized Enumeration System
POMS	Program Operations Manual System
SAVE	Systematic Alien Verification for Entitlements
SSA	Social Security Administration
SSN	Social Security Number

How the Social Security Administration Assigns Social Security Numbers to Noncitizens

When a noncitizen applies for a Social Security number (SSN), he or she must complete, sign and submit a Form SS-5, *Application for a Social Security Card*, to the Social Security Administration (SSA). The noncitizen must also provide acceptable documentary evidence of (1) age, (2) identity, and (3) work-authorized immigration status and/or a valid nonwork reason. SSA personnel verify documents through (1) visual inspection, including the use of a black light where appropriate, and (2) verification with the Department of Homeland Security (DHS), either on-line or manually. If documents do not appear valid, SSA personnel send a Form G-845, *Document Verification Request*, along with photocopies of the applicant-provided documents, to DHS. If documents appear valid, SSA personnel query DHS' Systematic Alien Verification for Entitlements (SAVE) program to verify the immigration and work status of noncitizens. If SAVE information is not available, SSA personnel send Form G-845 to DHS for verification.

SSA personnel enter SSN application information into SSA's Modernized Enumeration System (MES) via a software package known as the SS-5 Assistant. After determining the validity of supporting evidentiary documents, SSA personnel clear the application in MES. Once certified and cleared, MES performs numerous automated edits to validate certain applicant information. If the application passes these edits, SSA systems assign an SSN, issue an SSN card, and establish a record in SSA's information systems.

Nonwork Social Security Numbers Assigned by Fiscal Year



Scope and Methodology

We reviewed a random sample of 200 nonwork Social Security numbers (SSN). We selected our sample from a universe of 7,688 nonwork SSNs assigned from January 1 through June 30, 2005. Based on information we obtained from the Modernized Enumeration System (MES), we determined whether Social Security Administration (SSA) personnel documented a nonwork reason, as prescribed by SSA policy. If a reason was documented, we determined whether SSA assigned a nonwork SSN based on a valid reason, as defined by SSA policy. Finally, we determined whether SSA recorded required immigration information in MES when applicable. As a result, some of the assigned nonwork SSNs have more than one reportable issue and are included as audit findings in more than one section of the report.

Also, SSA's Florida field offices assigned 107 (53.5 percent) of our 200 randomly sampled nonwork SSNs. Of these 107 nonwork SSNs, 102 were assigned because the applicants alleged entitlement to a federally funded, State-administered benefit. We expanded our scope on these SSNs to determine whether the entitlement was actually paid.

We also:

- Reviewed applicable laws, regulations, and policies and procedures.
- Interviewed SSA personnel in Headquarters and the Area Directors Office in Miami, Florida.
- We visited SSA field offices in Little Havana and Hialeah, Florida, to obtain an understanding on how field offices process nonwork SSN's and determine why a high percentage of nonwork SSNs were from these offices.
- Queried and reviewed information justifying the reason for the nonwork SSN for sample items form SSA's MES.
- Examined SSA's NUMIDENT file records for processed applications to determine whether the citizenship and evidence codes properly reflected the applicant's status in accordance with the evidence descriptions documented in MES.
- For applications with evidence descriptions that provided alien registration numbers, we queried the Department of Homeland Security's Systematic Alien Verification for Entitlement program to verify a noncitizen's purported status.
- Queried and reviewed information from SSA's Master Beneficiary Records and Master Earnings File.

- Consulted with the State of Florida's Department of Children and Families (DCF) to determine whether individuals in Florida who were assigned a nonwork SSN for State DCF benefits actually received the benefit.

We conducted field work from October 2005 through March 2006 at SSA's Regional Office in Atlanta, Georgia, and at SSA field offices in Little Havana and Hialeah, Florida. During our review, we relied on data extracted from SSA's MES. We determined the data were sufficiently reliable to satisfy our audit objectives. However, we could not determine the reliability of Florida DCF data provided for our audit. As a result, any conclusions made in this report regarding information provided by Florida DCF are attributed to that Agency. Our tests of internal controls were limited to gaining an understanding of the laws, regulations and policies that govern the assignment of nonwork SSNs and performing the tests identified above. We conducted our audit in accordance with generally accepted government auditing standards.

Sampling Methodology and Results

Sampling Methodology

We reviewed a random sample of 200 nonwork Social Security numbers (SSN). We selected our sample from a universe of 7,688 nonwork SSNs assigned from January 1, 2005 through June 30, 2005. Our audit tested more than one control attribute for each nonwork SSN. Based on information obtained from the Modernized Enumeration System (MES), we determined whether the Social Security Administration (SSA) (1) documented a nonwork reason as prescribed by SSA policy; (2) if documented, assigned the nonwork SSN based on a valid reason as defined by SSA policy; and (3) when applicable, recorded required immigration information in MES. As a result, some of the assigned nonwork SSNs have more than one reportable issue and are included as audit findings in more than one section of the report.

Results – Nonwork SSNs with at Least One Compliance Error

Nonwork SSNs With At Least One Compliance Error	
Attribute Appraisal Projections	
Population and Sample Data	Nonwork SSNs
Total Population	7,688
Sample Size	200
Nonwork SSNs with at Least One Compliance Error	45
Projection to Population	Projections
Lower Limit	1,366
Point Estimate	1,730
Upper Limit	2,140

We made all projections at the 90-percent confidence level.

Agency Comments



SOCIAL SECURITY

Date: August 4, 2006

Refer To: S1J-3

To: Patrick P. O'Carroll, Jr.
Inspector General

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

Subject: Office of the Inspector General (OIG) Draft Report "Social Security Administration's Controls Over the Assignment of Nonwork Social Security Numbers" (A-04-06-16052) --
INFORMATION

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

Let me know if we can be of further assistance. Staff inquiries may be directed to Candace Skurnik, Director, Audit Management and Liaison Staff, on extension 54636.

Attachment:
SSA Response

COMMENTS ON THE OFFICE OF THE INSPECTOR GENERAL (OIG) DRAFT REPORT, “THE SOCIAL SECURITY ADMINISTRATION’S CONTROLS OVER THE ASSIGNMENT OF NONWORK SOCIAL SECURITY NUMBERS” (A-04-06-16052)

Thank you for the opportunity to review and comment on the draft report. We generally agree with OIG’s findings and the intent of the recommendation.

With regard to the 32 Social Security numbers (SSN) processed in Florida that were assigned so that the individuals could receive a State benefit, we believe the report is misleading when it states that the nonwork SSNs may have been obtained for a purpose other than the State benefit because the individuals did not complete the State application. The results of the review show that the SSNs were assigned with the eligibility of the State benefit as the sole basis upon which the SSN was issued. As currently written, the report implies that the individual(s) requested and was granted an SSN for another purpose. We believe the report should include information on the most common reasons why applicants did not ultimately receive the benefit, which are the applicant left the State, lost U.S. residency, or there was a change in circumstance which caused him/her to become ineligible for the benefit.

Please find below our response to the recommendation.

Recommendation 1

The Social Security Administration (SSA) should consider implementing a requirement that field office personnel verify the authenticity of all benefit entitlement letters presented with nonwork SSN applications with the issuing source.

Response

We partially agree. We have considered implementing a third party verification system which would be consistent with the other verification systems used in the enumeration process. However, given the relatively small number of transactions nationwide, and the concentrated number in one State (more than 50 percent in Florida); we do not think that a formal process to verify all referrals is warranted at this time. Current POMS procedure in RM 00203.510 2.B. requires that referral letters contain “the name and telephone number of an official to contact so that the information provided may be verified.” This information is sufficient to enable SSA employees to verify as needed the referral letters for the few nonwork SSN applicants in other States. For the State of Florida, we will, by December 31, 2006, work with the State to establish a procedure to verify State-issued referral letters. Once a process can be agreed upon, and we gain experience with it, we may reconsider implementing a nationwide policy for verifying the authenticity of referral letters issued by all States.

OIG Contacts and Staff Acknowledgments

OIG Contacts

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

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Acknowledgments

In addition to those named above:

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Kim Beauchamp, Writer-Editor

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