
**OFFICE OF
THE INSPECTOR GENERAL**

SOCIAL SECURITY ADMINISTRATION

**ADMINISTRATIVE PAYMENTS
VENDOR FILE**

September 2012

A-06-11-01139

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.

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

We strive for continual improvement in SSA's programs, operations and management by proactively seeking new ways to prevent and deter fraud, waste and abuse. We commit to integrity and excellence by supporting an environment that provides a valuable public service while encouraging employee development and retention and fostering diversity and innovation.



SOCIAL SECURITY

MEMORANDUM

Date: September 14, 2012

Refer To:

To: The Commissioner

From: Inspector General

Subject: Administrative Payments Vendor File (A-06-11-01139)

OBJECTIVE

Our objective was to determine whether the Social Security Administration's (SSA) vendor file controls were effective to mitigate the risk of improper payments.

BACKGROUND

The Social Security Online Accounting and Reporting System (SSOARS) is SSA's system for financial reporting. SSA processes vendor payments through the SSOARS accounts payable module. The SSOARS Supplier File includes payment delivery records for SSA employees, State and local government agencies, and corporate and individual vendors who provide goods or services to SSA. This vendor file contains a complete record for each vendor and SSA employee. The file includes, but is not limited to, the vendor's first and last name, address and telephone number, bank routing and account number, and tax identification number. SSOARS requires vendor file records to process payments and accounting transactions.¹

Data are input into the SSOARS vendor file either manually or via an electronic interface. Central Contractor Registration (CCR) is the vendor database for the Government² and the primary interface used to update the vendor file in SSOARS. Both current and potential Government vendors are required to register in CCR to be awarded Federal contracts. Vendors must update or renew their registration annually to maintain active status.³

¹ SSA Accounting Manual, Chapter 5-140-01, page 3 (August 25, 2011).

² SSA Accounting Manual, Chapter 5-140-02, page 1 (May 31, 2010).

³ Id.

SSA's Division of Administrative Payment Services (DAPS) directs SSA's administrative payment operations and develops related operating policies and procedures.⁴ Within DAPS, the Electronic Payments Team is responsible for accurately entering vendor information into the vendor file from various documents that authorize SSA to make payments. The vendor file is also updated through inbound batch transactions that originate from other systems.

In July 2011, we obtained an electronic copy of SSA's SSOARS vendor file. The file included both active and inactive records established for 252,544 third-party vendors. The records included the vendor's name, address, telephone number, bank routing and account numbers, and tax identification number. In Fiscal Year 2011, DAPS processed about 1.6 million vendor transactions resulting in payments totaling approximately \$1.8 billion. Appendix B provides further details on our scope and methodology.

RESULTS OF REVIEW

SSA's vendor file controls were effective to mitigate the risk of improper payments. Established controls help ensure active vendor files contained valid vendor information and prevented creation of fictitious vendor files.

We conducted various tests of the vendor file data to determine whether the controls over the file were working as intended. For example, we identified and reviewed cases where multiple vendor records listed the same (1) business name, (2) address, (3) telephone number, (4) taxpayer identification number, or (5) bank routing and account numbers. We also identified and reviewed cases where multiple vendor records listed the same vendor number but different (1) business addresses, (2) business telephone numbers, (3) taxpayer identification numbers, and (4) bank routing and account numbers. Our review of these cases revealed that, in every instance, available information indicated the vendor records were valid.

In addition, we identified and reviewed cases where vendor records listed (1) an SSA email address, (2) a taxpayer identification number, (3) a bank routing and account number, or (4) a residential address that matched employee information in the vendor file. All email match cases identified involved situations where SSA assigned email addresses to Federal disability determination services medical consultants working in SSA offices. Every other case reviewed involved situations where current SSA employees had previously been SSA vendors, or current SSA vendors had previously been SSA employees. In each case, we confirmed that only one vendor file record was active.

⁴ SSA Accounting Manual, Chapter 05-00-01, page 1 (March 08, 2011).

CONCLUSION

Our review identified no reportable conditions. As such, we make no recommendations.

AGENCY COMMENTS

SSA was pleased with the findings and had no further comment. See Appendix C for the full text of SSA comments.

A handwritten signature in black ink, appearing to read "Pat P. O'Carroll Jr.", with a stylized flourish at the end.

Patrick P. O'Carroll, Jr.

Appendices

APPENDIX A – Acronyms

APPENDIX B – Scope and Methodology

APPENDIX C – Agency Comments

APPENDIX D – OIG Contacts and Staff Acknowledgments

Acronyms

CCR	Central Contractor Registration
DAPS	Division of Administrative Payment Services
SSA	Social Security Administration
SSOARS	Social Security Online Accounting and Reporting System

Scope and Methodology

To accomplish our objective, we:

- Reviewed applicable Federal laws, Social Security Administration (SSA) policies and procedures, and the Social Security Online Accounting and Reporting System (SSOARS) Operations Guide.
- Reviewed SSA's Accounting Manual to gain an understanding of internal controls applicable to the Accounts Payables Module of SSOARS.
- Reviewed a prior internal control review of SSOARS conducted by an outside firm.¹
- Interviewed SSA staff to obtain an understanding of the administrative payments process.

We conducted our audit between June 2011 and June 2012 in Dallas, Texas. We determined the data used for this audit were sufficiently reliable to meet our audit objective. The entities audited were the Division of Administrative Payment Services, Office of Financial Policy and Operations, and Office of Financial/Administrative Systems. We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe the evidence obtained provides a reasonable basis for our findings and conclusion based on our audit objective.

¹ Deloitte & Touche LLP, *Social Security Administration, Final Report, Social Security Online Accounting and Reporting System*, Contract No. GS-23F-8132H, June 2010.

Agency Comments



SOCIAL SECURITY

MEMORANDUM

Date: September 4, 2012

Refer To: S1J-3

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

From: Dean S. Landis /s/
Deputy Chief of Staff

Subject: Office of the Inspector General Draft Report, "Administrative Payments Vendor File"
(A-06-11-01139)--INFORMATION

Thank you for the opportunity to review the draft report. We are pleased with the findings and have no further comment.

Please let me know if we can be of further assistance. You may direct staff inquiries to Amy Thompson at (410) 966-0569.

OIG Contacts and Staff Acknowledgments

OIG Contacts

Ron Gunia, Director

Jason Arrington, Audit Manager

Acknowledgments

In addition to those named above:

Teresa Williams, Senior Auditor

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Overview of the Office of the Inspector General

The Office of the Inspector General (OIG) is comprised of an Office of Audit (OA), Office of Investigations (OI), Office of the Counsel to the Inspector General (OCIG), Office of External Relations (OER), and Office of Technology and Resource Management (OTRM). To ensure compliance with policies and procedures, internal controls, and professional standards, the OIG also has a comprehensive Professional Responsibility and Quality Assurance program.

Office of Audit

OA conducts financial and performance audits of the Social Security Administration's (SSA) programs and operations and makes recommendations to ensure program objectives are achieved effectively and efficiently. Financial audits assess whether SSA's financial statements fairly present SSA's financial position, results of operations, and cash flow. Performance audits review the economy, efficiency, and effectiveness of SSA's programs and operations. OA also conducts short-term management reviews and program evaluations on issues of concern to SSA, Congress, and the general public.

Office of Investigations

OI conducts investigations related to fraud, waste, abuse, and mismanagement in SSA programs and operations. This includes wrongdoing by applicants, beneficiaries, contractors, third parties, or SSA employees performing their official duties. This office serves as liaison to the Department of Justice on all matters relating to the investigation of SSA programs and personnel. OI also conducts joint investigations with other Federal, State, and local law enforcement agencies.

Office of the Counsel to the Inspector General

OCIG provides independent legal advice and counsel to the IG on various matters, including statutes, regulations, legislation, and policy directives. OCIG also advises the IG on investigative procedures and techniques, as well as on legal implications and conclusions to be drawn from audit and investigative material. Also, OCIG administers the Civil Monetary Penalty program.

Office of External Relations

OER manages OIG's external and public affairs programs, and serves as the principal advisor on news releases and in providing information to the various news reporting services. OER develops OIG's media and public information policies, directs OIG's external and public affairs programs, and serves as the primary contact for those seeking information about OIG. OER prepares OIG publications, speeches, and presentations to internal and external organizations, and responds to Congressional correspondence.

Office of Technology and Resource Management

OTRM supports OIG by providing information management and systems security. OTRM also coordinates OIG's budget, procurement, telecommunications, facilities, and human resources. In addition, OTRM is the focal point for OIG's strategic planning function, and the development and monitoring of performance measures. In addition, OTRM receives and assigns for action allegations of criminal and administrative violations of Social Security laws, identifies fugitives receiving benefit payments from SSA, and provides technological assistance to investigations.