

Report Summary

Social Security Administration Office of the Inspector General

September 2010



Objective

To assess the (1) accuracy of the Consent Based Social Security Number Verification (CBSV) program's underlying cost estimates and allocation, including the use of a 3-year amortization schedule and (2) timing and accuracy of transaction projections. In addition, we determined whether the Social Security Administration (SSA) had recouped its costs for developing the Social Security Number Verification Pilot for Private Businesses (Pilot) and Interim Verification Program (IVP).

Background

In an October 13, 2009 letter, Congresswoman Kay Granger requested that we determine the accuracy of CBSV's underlying costs, timing and accuracy of transaction projections, and whether fees collected for the prior iterations of CBSV covered the Agency's development costs.

To view the full report, visit <http://www.ssa.gov/oig/ADO/BEPDF/A-03-10-21060.pdf>

Congressional Response Report: The Social Security Administration's Cost Estimates for the Consent Based Social Security Number Verification Program (A-03-10-21060)

Our Findings

Based on our review of financial records and other supporting documentation, we determined the underlying costs (about \$7.4 million) for developing the CBSV program were generally valid and supported. Furthermore, the 3-year cost recovery model the Agency used is consistent with Federal accounting standards, which allow costs to be recovered over the useful life of the program.

With respect to the timing and accuracy of transaction projections, we found SSA overestimated the transaction projection for the first year of the CBSV program. The transaction projections were based on estimates provided by participating companies. For example, in Fiscal Year (FY) 2009 SSA estimated it would receive about 5.7 million verification requests from participating companies but it only processed about 875,000 (15 percent) requests. However, for the second year (FY 2010), it appeared SSA was on target to meet its projection. As of September 15, 2010, SSA had processed approximately 1.1 million of the 1.2 million transactions. Even though SSA's transaction projection was overstated during the first year of operation, the Agency has the potential to recoup its costs within the 3 years because the 3-year recovery model allows adjustments to the transaction fee charged to participating companies when the actual volume of transactions is less than anticipated. As to SSA reconsidering the increase of the transaction fee from \$0.56 to \$5.00, we believe it would not be prudent given that the Agency has yet to recover the \$7.4 million in development costs for the CBSV program.

We also looked at development costs for the Pilot program and IVP and found that SSA had not recovered approximately \$294,000. Although the Agency did not recover all its costs for these predecessor programs, SSA has taken the appropriate measures to ensure full cost recovery for the CBSV program.