DEPARTMENT OF

EMPLOYEE TRUST FUNDS

AUDIT OF

VERIFICATION OF INACTIVE ACCOUNT DATA BY USING SOCIAL SECURITY ADMINISTRATION ENUMERATION VERIFCATION SYSTEM

A REPORT BY

INTERNAL AUDIT

2003-3A

April 9, 2003

Eric Stanchfield, Secretary
Department of Employee Trust Funds

Dear Secretary Stanchfield:

Subject: Audit of Verification of Inactive Account Data by Using Social Security Administration Enumeration Verification System

This report covers our match of inactive account data with the Social Security Administration's indicative data. We acknowledge the cooperation of the Division of Employer Services and thank them for the time and effort they spent assisting us with this audit. In addition, we acknowledge the audit work performed by Sang-Seop Noh, Internal Audit's Summer Intern, whose assistance contributed to the completion of this audit.

Respectfully submitted by,

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Director, Internal Audit

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Auditor

AUDIT OF VERIFICATION OF INACTIVE ACCOUNT DATA BY USING SOCIAL SECURITY ADMINISTRATION ENUMERATION VERIFICATION SYSTEM

I. INTRODUCTION and AUDIT DESCRIPTION

We matched ETF inactive account data with Social Security Administration (SSA) indicative data to verify that a given Social Security number (SSN) is assigned to the individual whose name is submitted and to make corrections when needed.

II. AUDIT OBJECTIVES and OPINION

Our main objective was to provide reasonable assurance to management that data on ETF's records matches data on SSA records. It is our opinion that the Enumeration Verification System (EVS) match was valuable for identifying incorrect SSNs and dates of birth and should be continued in the future. Not only are ETF records now more accurate, but having correct SSNs and dates of birth decreases the risks of inappropriate processing/payment of benefits and fraud. In addition, correct dates of birth decrease the risk that ETF will not notify members when they need to begin withdrawals from their accounts to comply with Internal Revenue Service requirements.

III. AUDIT IMPACT and PLANS OF ACTION

Observation: Additional Controls Numerous edits and controls exist over the processes of entering data and correcting data. However, additional controls would improve the accuracy of data. <u>Record keeping/Corrections controls</u>: Additional controls would improve staff handling of SSN and other corrections to Wisconsin Employee Benefit System (WEBS) records and would reduce the risk of using incorrect data when making payments or reporting. <u>System edit controls</u>: Additional controls would improve the likelihood that correct and reasonable data is entered on WEBS records. Examples of additional controls include but are not limited to: • System edits/validity checks • Staff training • Checklists • Documentation • Reasonableness edits/manual reviews • Reconciliations • Error/exception reports • Written policies/procedures • Written standards • Supervisory review ***Plan of Action:*** DES Administrator will further consider the observation and evaluate changes that can improve the process.	***Observation: WEBS Account Message Codes*** Adding a message code that indicates the existence of a discrepancy between WEBS and SSA records would improve the likelihood of obtaining and recording accurate data either prior to or at the time benefits are processed. Future EVS matches with WEBS data will continue to identify WEBS accounts where such a code would reduce processing errors. The codes would indicate that documentation is needed before paying a benefit. ***Plan of Action:*** DES Administrator will further consider the observation and evaluate changes that can improve the process.

IV. SECRETARY'S OFFICE COMMENTS

The recommendations and follow-up actions identified appear appropriate and reasonable. If other controls can be identified that are cost-effective, they will be pursued and implemented.