



■ Business impact

US government agencies made improper payments totaling \$40.5 billion in 2006, according to a January 2007 Office of Management and Budget (OMB) report.

■ Challenges

- **Insufficient and/or conflicting information.** Without a trustworthy, single version of the truth, auditors can't adequately protect government funds from improper payments.
- **Unmet reporting needs.** Reports that are incomplete or inaccurate increase an agency's vulnerability to and liability for questionable purchases.
- **Limited analytic capabilities.** The inability to analyze transactions to identify suspicious patterns of behavior makes agencies susceptible to organized crime and illegal or unethical billing practices.
- **Manual processes.** Manually gathering and preparing data for fraud detection is tedious, time-consuming and highly error-prone.



**THE
POWER
TO KNOW®**

How can we more proactively combat improper payments, fraud, waste and abuse?

YOUR GOAL: Detect and prevent misuse of tax dollars

The government, like the private sector, is vulnerable to fraudsters—both outsiders and insiders—who attempt to cheat and abuse the system. And each year, billions of tax dollars paid by hard-working citizens are lost to improper payments due to fraud, error, waste and abuse. Certainly, systemic fraud and frequent errors in government agencies have caught the attention of elected officials, industry associations, government watchdogs, the media and taxpayers, who blame poor planning, lack of accountability and minimal transparency for at least part of the problem. And government agencies at all levels are now under increased scrutiny for the misuse of funds originally intended to provide services and programs to citizens.

In the EU, “carousel” value-added tax (VAT) fraud is high on the government’s agenda, with recent fraud equalling more than 10 percent of the total VAT collected, despite regulatory measures to control it. In the US, the Improper Payments Information Act (IPIA) of 2002 requires agencies to review programs and activities annually to identify those susceptible to improper payments and to estimate their annual cost. Agencies must report to Congress on improper payments in excess of \$10 million, identify root causes and perform corrective actions to reduce errors. In the report, agencies must also declare whether their information systems and infrastructure are adequate to reduce improper payments. Unfortunately, not all of them *are* adequate.

OUR APPROACH

Your best defense against improper payments is a solution that can identify poorly designed processes as well as detect fraudulent activity and hidden relationships in the enormous amounts of operational data that underpin the day-to-day business of government. SAS approaches the problem by delivering software and services to help you:

- **Improve information credibility** by integrating disparate data sources—regardless of format—and applying embedded data quality techniques to ensure accuracy.
- **Enhance the effectiveness of audits and investigations** by predicting future risks, uncovering hidden relationships and detecting subtle patterns of behavior that may indicate fraud by visualizing data from multiple angles and prioritizing suspicious cases.
- **Deliver insight for quick, confident decisions** via a Web-based portal that lets decision makers perform interactive queries and generate meaningful reports.
- **Demonstrate financial accountability** with a consistent approach to financial management that improves organizational responsibility, fraud deterrence and process transparency by monitoring expenditures and tightening internal controls.
- **Measure program performance** by defining and monitoring key performance metrics via a dashboard environment to determine how effective and efficient your programs are at deterring fraud and improper payments.

In addition, SAS helps you implement a technology framework that integrates with existing IT infrastructures, smooths the flow of information across departments and functions, and supports future technologies and business processes not yet defined.

THE SAS® DIFFERENCE: An ongoing, cyclical process of analysis and refinement

Starting with a single, integrated platform that supports superior data integration, advanced analytics and flexible reporting, SAS delivers a proven foundation for financial intelligence and performance management, along with best practices that tie together all the essential areas of fraud management.

Built on SAS' industry-leading business intelligence framework, the result is a cohesive strategy for control, discovery, prioritization and deterrence. With SAS, you can:

- **Build an anti-fraud strategy** that addresses your agency's unique objectives and business processes.
- **Keep pace with increasingly savvy criminals** and their ever-evolving fraud mechanisms with our award-winning predictive analytics—including powerful data and text mining capabilities—so you can take steps to stop criminal activity before it occurs.
- **Formulate and evolve your analysis as needed** to obtain the best results and discover new insights more quickly and easily.

SAS approaches fraud detection as an ongoing, cyclical process of analysis and refinement. With more than 30 years' experience working with government agencies, including all 15 major US federal departments, SAS provides enterprise intelligence, proven solutions and the implementation expertise to get you up and running quickly and confidently.

CASE STUDY: A US federal agency

Situation

As the provider of state-of-the-art human resources management leadership, services and tools, the agency oversees a variety of employee benefit programs—retirement, life insurance, long-term care and health insurance. The agency also conducts nationwide audits on more than 400 health insurance companies that serve more than 9 million federal employees and their families. Determining which claims represent instances of fraud, waste or abuse is a primary challenge.

Solution

Leading the charge to identify fraudulent claims, the agency is using SAS to combine, analyze and share claims information, which:

- Enables auditors and agents to search for fraud and payment errors.
- Identifies duplicate payments, claims not coordinated with other insurance, overpaid assistant surgeons and a variety of other types of claim payment errors.

Results

- Recovered millions of dollars in overpaid claims in five years.
- Experienced 50 percent time savings on benefit claim reviews.
- Freed auditors' time to perform more reviews and more comprehensive analyses.



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The vision

Improve information credibility

What if you could easily eliminate duplicate names, addresses and other identifying information from your data so you could significantly reduce erroneous payments and duplicate billing?

Enhance audit effectiveness

What if you could predict the likelihood that a transaction would be fraudulent and flag suspicious activity for further investigation so you could not only uncover fraud, but stop fraudulent payments before they occurred?

Deliver fact-based insight

What if you could not only access reports that measure your progress toward reducing fraudulent payments, but also drill down through the reports for details at the individual department level?

Achieve financial accountability

What if your financial system could track program purchases, payments and costs to ensure that they are necessary, proper and justified?

Manage performance

What if everyone in your organization worked together collectively and collaboratively, sharing knowledge and best practices, to achieve common goals for preventing or correcting improper payments?

SAS FACTS

- All 15 major US federal departments are SAS customers.
- Approximately 85 percent of independent US government agencies and commissions use SAS®.
- SAS is a member of the steering group of the London Public Sector Counter Fraud Partnership (LPSCFP).

Learn more about SAS® software and services for government at: www.sas.com/government