
**OFFICE OF
THE INSPECTOR GENERAL**

SOCIAL SECURITY ADMINISTRATION

**MONITORING CONTROLS FOR THE
CONSENT BASED SOCIAL SECURITY
NUMBER VERIFICATION PROGRAM**

October 2012

A-03-12-11201

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.

MEMORANDUM

Date: October 25, 2012 **Refer To:**

To: The Commissioner

From: Inspector General

Subject: Monitoring Controls for the Consent Based Social Security Number Verification Program (A-03-12-11201)

OBJECTIVE

Our objective was to assess the Social Security Administration's (SSA) monitoring controls for the Consent Based Social Security Number Verification (CBSV) program.

BACKGROUND

In Fiscal Year (FY) 2009, SSA implemented the CBSV program, which is a centralized, automated process that quickly assists companies with consent-based Social Security number (SSN) verification for non-program-related reasons. CBSV is available to private businesses as well as Federal, State, and local government agencies that need consent-based SSN verification.

Companies that wish to register to use CBSV must complete the registration process on SSA's Business Services Online (BSO)¹ Website. As part of this process, companies are required to sign a *User Agreement*, pay registration and transaction fees; and obtain written consent from the individual before verifying their SSN through CBSV, as required by the *Privacy Act*.² The *Privacy Act* states that, ". . . [n]o agency shall disclose any record which is contained in a system of records by any means of communication to any person, or to another agency, except pursuant to a written request by, or with the prior written consent of, the individual to whom the record pertains . . ." unless certain exceptions permit the disclosure, such as releasing the information, subject to conditions, to the Congress or the Comptroller General.³

¹ BSO is a suite of Internet services for businesses and employers to exchange information with SSA.

² *The Privacy Act of 1974*, as amended (*Privacy Act*), 5 U.S.C. § 552a.

³ *Privacy Act* § 552a (b). 5 U.S.C. § 552a (b). See Appendix B for more details about the 12 exceptions under the *Privacy Act*.

Companies are also required⁴ to hire an independent certified public accountant (CPA) to assess the company's compliance with the terms and conditions of the *User Agreement*, especially the consent requirement.⁵ The CPAs confirm companies are using the Form SSA-89, *Authorization for Social Security Administration (SSA) to Release Social Security Number (SSN) Verification*,⁶ obtaining a valid consent from the individual signing the form, and using CBSV only for the purpose indicated on the consent form. SSA is responsible for determining the frequency of compliance reviews. According to the *User Agreement*, SSA anticipated that the compliance reviews would be conducted annually with additional reviews as deemed appropriate.

METHODOLOGY

As shown in Table 1, in FYs 2009 to 2011, SSA processed approximately 3.4 million verification requests submitted by 75 companies. To accomplish our objective, we gained an understanding of CBSV's monitoring and compliance review process. In addition, we reviewed the 26 compliance reviews conducted by independent CPAs as of May 2012. See Appendix E for further discussion of our scope and methodology.

Table 1: CBSV Transactions - FYs 2009 Through 2011

Response	FY 2009	FY 2010	FY 2011	Total	Percentage ^a
Match ^b	778,070	1,100,222	1,352,077	3,230,369	95
No Match ^c	49,969	58,154	62,752	170,875	5
Death ^d	61	65	50	176	0
Total	828,100	1,158,441	1,414,879	3,401,420	100

Note a: We rounded the percentage to the nearest whole number.

Note b: The information submitted for verification matches SSA's records.

Note c: The information submitted for verification does not match SSA's records.

Note d: The information submitted for verification matches SSA's records, but the records indicate that the numberholder is deceased.

RESULTS OF REVIEW

SSA's monitoring controls for the CBSV program need to be improved. The CBSV *User Agreement* requires that participating companies include the date of birth (DoB) on Form SSA-89.⁷ However, SSA did not require the DoB as part of the matching criteria for the CBSV program. As a result, SSA verified about 227,000 names and SSNs through CBSV without verifying DoB. Of the 227,000 transactions, 337 related to

⁴ The *User Agreement* established the conditions, terms, and safeguards for SSA to provide verification of SSNs to registered companies. See Section VI. *Compliance Reviews*.

⁵ See Appendix C for more details about the compliance review process.

⁶ See Appendix D for an example of Form SSA-89.

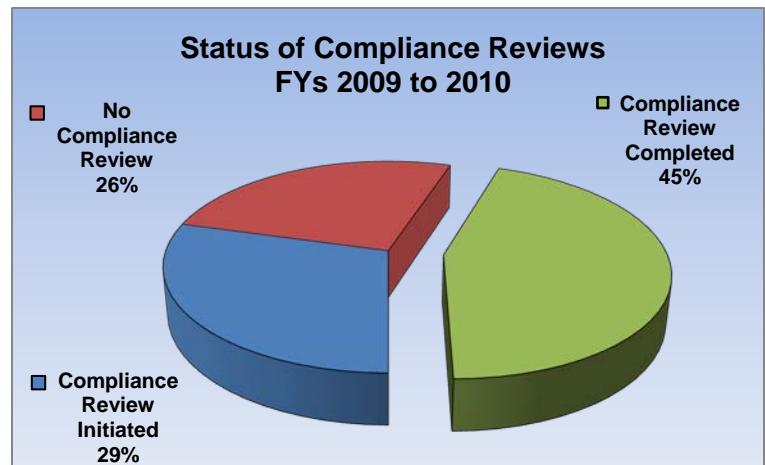
⁷ The CBSV *User Agreement* requires that companies obtain a signed Form SSA-89 from each person from whom SSN verification is sought and the DoB must be completed.

children who ranged in age from 2 months to 17 years. Because SSA verified the names and SSNs without a DoB, it did not alert participating companies to possible discrepancies between the DoBs provided by individuals and the DoBs recorded in SSA records. These false positive responses may have contributed to the misuse of children's identities. We brought this issue to the Agency's attention in a 2009 report,⁸ but SSA had not taken steps to require that participating companies submit the DoB as part of the verification request for the CCSV program.

SSA's policy⁹ allows parents or legal guardians with proper proof of relationship to give consent to disclose nonmedical records for minor children. However, we found that the Forms SSA-89 did not require that the relationship be specified for individuals who gave consent to verify the names and SSNs of 126 children who ranged from ages 2 months to 11 years. Without proof of relationship, SSA could be improperly disclosing children's personally identifiable information (PII) to third parties.

Finally, SSA did not always require that participating companies conduct an annual compliance review to ensure companies were complying with the terms and conditions of the *User Agreement*, especially the consent requirement. Specifically, of the 58 companies that used the CCSV program during FYs 2009 and 2010, we found

- 15 (26 percent) did not have a compliance review, of which 8 continued to use CCSV for SSN verification during FYs 2011 and 2012;
- 17 (29 percent) were in various stages of the compliance review process; and
- 26 (45 percent) had completed a compliance review.



Additionally, for the 15 companies that did not have a compliance review, SSA had no assurance that these companies properly obtained a valid consent from the individuals whose names and SSNs were verified or used the verification responses for the purpose indicated on the consent forms.

⁸ SSA, Office of the Inspector General (OIG), *Consent Based Social Security Number Verification Program* (A-03-08-18067), July 2009.

⁹ SSA, POMS, GN 03305.005 B.2.c (September 12, 2005).

DATE OF BIRTH

For FYs 2009 to 2011, SSA verified about 227,000 names and SSNs that did not include the DoB even though the DoB was a required field on the consent form, see Table 2. We found that 337 of the names and SSNs related to children between ages 2 months and 17 years.

Table 2: CBSV Transactions by Submission Criteria FYs 2009 Through 2011

Submission Criteria	Total Transactions	Percent	Related to Children ^a	Percent
DoB	3,174,682	93	435	0.01
No DoB	226,738	7	337	0.15
Total	3,401,420	100	772	0.02

Note a: The total transactions related to children only represent transactions where SSA provided a match response.

Our July 2009 report¹⁰ informed the Agency about our concerns regarding submission criteria for the CBSV program. We found that while the DoB was a required element on the consent form, SSA did not require the DoB as part of the matching criteria for the CBSV program. We recommended that SSA require that participating companies submit the DoB as part of the verification request for the CBSV program to help prevent the Agency from providing participating companies false positive responses and increase the probability that SSA would detect instances of SSN misuse.

Although the Agency agreed with our recommendation, in May 2012, Agency staff informed us that SSA would be amending the *User Agreement* to make the DoB mandatory on the consent form.¹¹ We do not believe this action sufficiently addressed the recommendation's intent because the DoB was already a mandatory element on the consent form, and as our review showed, some companies did not comply with this requirement. In addition, making the DoB mandatory on the consent form will not prevent SSA from processing verification requests that do not include the DoB as shown in the examples below.

- On January 7, 2010, a company that provided verification services to mortgage lenders, banks, credit unions, and other businesses verified the name and SSN of an 11-year-old child. The consent form included a DoB of September 7, 1973, but the company did not include this DoB as part of the verification request for a mortgage. Had the company included the DoB on the consent form, SSA would have provided a no-match response because the SSN belonged to a child who was born on October 10, 1998. Our review of LexisNexis showed that in February 2010,

¹⁰ SSA OIG, *Consent Based Social Security Number Verification Program* (A-03-08-18067), July 2009.

¹¹ In August 2012, after the completion of audit fieldwork, the Office of Management and Budget approved the revisions to the revised *User Agreement*.

someone using the child's identity purchased a \$157,000 house in California. Furthermore, someone misused the child's identity for work purposes over a 9-year period beginning in 2003. From 2003 to 2011, the child had approximately \$123,000 in wages posted to her earnings record by five different employers. In reviewing SSA's Numident file, we found the mother and child shared the same first and last name, which could indicate that the parent may have misused the child's identity for work purposes and to obtain a mortgage. We referred this case to our Office of Investigations (OI).

- On July 23, 2010, a company that provides employment verification services verified the name and SSN of a 13-year-old child. The consent form included a DoB of May 29, 1965, but the company did not include this DoB as part of the verification request. The Numident showed that the child was born on January 16, 1997. The purpose of the verification request was for employment verification, and the child's earnings record showed that the same company that verified the child's SSN reported wages for him in Tax Years (TY) 2010 and 2011. In fact, the child had about \$157,000 in wages posted to his earnings record for TYs 2004 through 2011 that were reported by 19 different employers. In addition, both the child and his father shared the same first and last name, which could indicate that the parent may have misused the child's identity for work purposes. We referred this case to OI.

We believe SSA needs to make a system change to the CBSV program to prevent verification requests that do not include a DoB from being submitted to protect the identity of innocent numberholders and provide more assurance that a valid verification response is provided to third parties.

PROOF OF CONSENT FOR CHILDREN

According to SSA's disclosure policy,¹² proof of a parent or legal guardian's relationship to the minor is required before a request to provide records on behalf of the minor can be accepted. Specifically, a parent or legal guardian who is acting on behalf of a minor child may give consent to disclose nonmedical information, including the verification of a child's name and SSN to a third party, but must first provide proof of the parent's or legal guardian's relationship to the child. Such proof can consist of a birth record showing the parent's name or documentation from a court reflecting the guardian's appointment.¹³

We found that SSA verified the names and SSNs of 772 children even though the Form SSA-89 did not require that individuals who signed the consent form provide proof of relationship to the child. The children ranged in age from 2 months to 17 years, and 45 were under the age of 6 years, see Table 3.

¹² SSA, POMS, GN 03305.005 B.2.c (September 12, 2005).

¹³ Id.

Table 3: Age Range for Minor Children

Minor Children Ages	Transactions
2 months to 5 years old	45
6 to 11 years old	81
12 to 17 years old	646
Total	772

We reviewed 22 Forms SSA-89 from 5 companies that verified children and found the following.

- Two consent forms appeared to be valid for disclosure because the Forms included the relationship of the individual signing on behalf of the minor child. In both of these instances, a parent gave permission for their child's SSN to be verified for claim purposes. The children were 3 and 4 years old.
- Eight consent forms related to children between the ages of 12 and 17 years, who could give consent. According to SSA policy,¹⁴ “. . . [a] minor may give consent to disclose medical and nonmedical records if the office manager or reviewing central office official is reasonably sure that the minor is capable of making a rational decision to consent to the disclosure. . . The age of 12 may be used as a guideline for when a child is old enough to make such a decision; however, this is not a hard and fast rule. A child under 12 may be mature enough to consent while a child over 12 may not be able to do so. Consider each child's ability separately to protect the child's rights.” While these children may be capable of giving consent, two of the Forms appear to relate to SSN misuse. The dates on the Forms indicated the verification requests were for adults (31- and 45-years old) when in fact the SSNs belonged to children (12- and 13-years old). Further, one of the Forms identified the purpose of the verification request was for a mortgage. We referred these two cases to OI.
- Twelve consent forms for children between ages 2 months and 11 years were not valid for disclosure because the proof of relationship for the individual who signed on behalf of the minor child was not established on the consent form. In addition, one case appears to relate to SSN misuse. We found the DoB shown on the consent form indicated that the verification request was for a 36 year old adult who was seeking a mortgage when the SSN belonged to an 11-year-old child. We referred this case to OI.

Additionally, the participating companies needed to obtain documentation that provided proof of the parent or legal guardian's relationship to the child before accepting a request on the child's behalf from a parent or legal guardian. We made this recommendation in our 2009 report,¹⁵ and the Agency agreed to take the necessary

¹⁴ SSA, POMS, GN 03305.005 B.3 (September 12, 2005).

¹⁵ SSA OIG, *Consent Based Social Security Number Verification Program* (A-03-08-18067), July 2009.

steps to change the CBSV *User Agreement*. Without proper proof of relationship, SSA had no assurance whether the individuals who signed the consent form had a legal right to do so. Further, the consent provided for the children may not be valid and could represent an improper disclosure.

Through discussions with SSA staff, we found that the CBSV consent form was missing elements required to identify valid consent on a child's behalf because the Agency originally did not anticipate a situation where a parent would be signing on their child's behalf. SSA had designed the CBSV program for third-party requesters to verify SSNs for specific business needs, such as mortgages and lending. Therefore, the Agency did not foresee a business need to verify a child's name and SSN. Agency staff informed us that they planned to revise the consent form and User Agreement. The revised Form SSA-89 will require the relationship of the individual signing the consent form on behalf of a minor child. SSA informed us it will revise the User Agreement to require that when participating companies verify the SSN of a minor under age 18, they must ensure that the parent or legal guardian signed the consent form and retain proof of the relationship. In August 2012, after the completion of audit fieldwork, OMB approved the revisions to the revised *User Agreement*.

MONITORING CONTROLS FOR COMPLIANCE REVIEWS

SSA did not always require that participating companies conduct an annual compliance review to ensure companies were complying with the terms and conditions of the *User Agreement*, especially the consent requirement. According to the *User Agreement*, SSA anticipated that the compliance reviews would be conducted annually with additional reviews as deemed appropriate. Of the 58 companies that used the CBSV program during FYs 2009 and 2010, 26 had a compliance review, 17 were in various stages of the compliance review process, and 15 did not have a compliance review.

Compliance Reviews Conducted

We found that 26 participating companies hired independent CPAs to conduct their compliance reviews. These participating companies submitted between 687 and 1.1 million verification requests in FYs 2009 and 2010, totaling about 2 million verification requests. As part of the compliance review process,¹⁶ SSA will (1) request that a company provide its CPA's contact information; (2) request an attestation letter from the CPA; (3) send transaction data to the CPA for testing during compliance review; (4) ensure the CPA provides a report within 30 days after the review is completed; and (5) meet with the company to discuss the findings of the review, if necessary.

The compliance review findings ranged from companies providing access to CBSV to their employees who were not approved by SSA and missing consent forms. Specifically, we found 10 (38 percent) of the 26 participating companies did not always

¹⁶ See Appendix C for details about the compliance review process.

ensure that the consent forms were completed as required.¹⁷ The CPAs reported that some consent forms had incorrect dates of birth and were missing signatures of the consenting individuals, dates the consent forms were signed, and/or signee contact information.

In addition, a CPA found that a company could not produce any Forms SSA-89 for individuals whose names and SSNs were verified. Specifically, the report showed that an Internet-based company that offered universal gift certificates did not obtain a signed valid consent form from any of the approximately 1,900 individuals whose names and SSNs were verified through the CCSV program from November 2009 through June 2010. Since the company did not obtain valid consent from the numberholders, SSA unknowingly, improperly disclosed PII to this company. The Agency immediately took appropriate action by terminating the company's access to the CCSV program.

Compliance Reviews Scheduled

During our audit, SSA initiated compliance reviews for 17 participating companies that submitted about 19,000 verification requests during FYs 2009 and 2010, ranging from 11 to 3,028 verification requests. As shown in Table 4, the compliance reviews were in various stages. As of May 2012, the CPAs had not completed these compliance reviews.

Table 4: Status of Scheduled Compliance Reviews (as of May 2012)

Status	Total
Requested or received CPA information from company	12
Requested or received attestation ^a letter from CPA	3
Sample data sent to CPA for compliance review	2
Total	17

Note a: The CPA firm sends and signs an attestation letter explaining that it is performing the agreed upon engagement procedures for the participating company. The CPA agrees to protect the confidentiality of PII, provide SSA with a report 30 days after the engagement, and destroy the data SSA sent 30 days after the engagement is completed.

No Compliance Reviews Conducted

We found that 15 participating companies submitted approximately 26,000 verification requests in FYs 2009 and 2010 but did not have compliance reviews. SSA requested that 4 of the 15 companies that submitted approximately 25,000 verification requests conduct a compliance review, but the companies refused citing the cost associated with hiring a CPA firm to conduct the review. Their refusal was a clear violation of the *User Agreement*, and SSA took appropriate action by terminating their access to the CCSV program.¹⁸

¹⁷ SSA, POMS, GN 03305.001 B.2 (September 12, 2005).

¹⁸ In addition, SSA referred one of the company's to OI for non-compliance of the CCSV *User Agreement*.

Additionally, three participating companies that did not have a compliance review voluntarily stopped using CBSV. In FY 2009, the 3 companies submitted 294 verification requests. At that time, the cost per transaction was \$5.00, and the high cost may have contributed to the companies not using the program. SSA did not request that the remaining eight companies conduct a compliance review even though they continued to use the CBSV program during FYs 2011 and 2012. As shown in Table 5, while the number of transactions submitted by these companies was relatively small in FYs 2009 and 2010 (550 transactions), their use increased significantly in FY 2012 when the fee for the CBSV program was reduced to \$1.05 per transaction.

Table 5: Status of Companies Without Compliance Review

Status	Number of Companies	CBSV Transactions			
		2009	2010	2011	2012
Refused Compliance Review	4	14,724	9,795	4,981	-
Stopped Using CBSV	3	294	-	-	-
Continued to Use CBSV	8	390	156	271	677
Total	15	15,408	9,951	5,252	677

According to SSA staff, the Agency did not request that the 11 participating companies conduct compliance reviews because their verification requests did not meet the Agency's threshold of 500 or more verifications cumulatively or in 1 year. When asked, Agency staff could not explain the basis for this threshold and whether it was based on a risk assessment or any other requirement. Therefore, it is not clear whether the amount of verifications submitted is a good indicator of whether a company will comply with the terms and conditions of the *User Agreement*. In fact, we found that 6 of the 11 companies were not complying with the *User Agreement* because they submitted verification requests that did not include the numberholder's DoB. We discussed this finding in more detail earlier in the report. We believe SSA should follow the guidance included in its *User Agreement*, which states that the compliance reviews would be conducted annually with additional reviews as deemed appropriate. Requiring annual compliance reviews would provide SSA with more assurance that it is properly disclosing records protected by the *Privacy Act*. In June 2012, after the completion of the audit fieldwork, SSA awarded a contract to a CPA firm to conduct compliance reviews for 16 selected companies using the existing criteria included in the *User Agreement*. In addition, the CPA firm is tasked to provide SSA with recommendations on how to improve CBSV *User Agreement* requirements, compliance review criteria, and related business processes.

CONCLUSION AND RECOMMENDATIONS

Overall, SSA's monitoring controls for the CBSV program need to be improved to help ensure the Agency is properly disclosing numberholders' information to third parties in accordance with the *Privacy Act*. Our review revealed that SSA allowed participating companies to submit about 227,000 verification requests without including the DoB, which led to SSA providing false positive responses and contributed to the misuse of children's identities. Further, SSA did not always require that participating companies

conduct an annual compliance review to ensure companies were complying with the terms and conditions of the *User Agreement*, especially the consent requirement. In addition, the Form SSA-89, used to provide consent for the CBSV program, did not require the relationship of the individuals who gave consent to verify the names and SSNs of 126 children who ranged in age from 2 months to 11 years, and companies did not always obtain consent. Finally, we found the companies were not required to obtain or retain proof of the parent or legal guardian's relationship to the child before accepting a request on the child's behalf. In August 2012, SSA revised the *User Agreement* requiring that companies obtain and retain proof of relationship for consent for minors. As a result, we believe SSA needs to take steps to improve its monitoring controls of the CBSV program to ensure compliance with the terms and conditions of the *User Agreement* and avoid improper disclosure of PII.

Accordingly, we recommend SSA:

1. Make a systems change to the CBSV program to prevent the processing of verification requests without a DoB.
2. Justify and document why the eight companies were not required to have a compliance review but continued to use CBSV.
3. Require that participating companies conduct a compliance review at least annually.

AGENCY COMMENTS

The Agency agreed with Recommendations 2 and 3. SSA disagreed with Recommendation 1 stating that it was cost-prohibitive to change the CBSV system to incorporate the DoB in the verification process at this time. However, the Agency stated it would reevaluate this decision in the future, as resources allow. In the interim, the Agency plans to include more SSN verification disclosures related to minors' records in the audit compliance review certified public accountants conduct for participating companies. The full text of SSA's comments is included in Appendix F.

OIG RESPONSE

The cost to change the CBSV system to incorporate the DoB in the verification program should not be prohibitive because SSA is reimbursed all costs incurred to operate and manage CBSV through fees paid by participating companies. Annually, SSA assesses the cost to operate CBSV and adjusts its fees accordingly. This helps ensure that the Agency's appropriation does not bear the cost for CBSV since it does not directly relate to the administration of SSA programs. Therefore, we encourage the Agency to reconsider and implement our recommendation sooner rather than later to protect the identity of children and provide more assurance that a valid verification response is provided to third parties.



Patrick P. O'Carroll, Jr.

Appendices

APPENDIX A – Acronyms

APPENDIX B – Exceptions Under the *Privacy Act*

APPENDIX C – Compliance Review Process

APPENDIX D – Authorization for the Social Security Administration (SSA) to Release
Social Security Number (SSN) Verification (Form SSA-89)

APPENDIX E – Scope and Methodology

APPENDIX F – Agency Comments

APPENDIX G – OIG Contacts and Staff Acknowledgment

Appendix A

Acronyms

BSO	Business Services Online
CBSV	Consent Based Social Security Number Verification
CPA	Certified Public Accountant
DoB	Date of Birth
FY	Fiscal Year
OI	Office of Investigations
OIG	Office of the Inspector General
OMB	Office of Management and Budget
PII	Personally Identifiable Information
POMS	Program Operations Manual System
SSA	Social Security Administration
SSN	Social Security Number
TY	Tax Year

Form

SSA-89 Authorization for the Social Security Administration (SSA) to Release Social Security Number (SSN) Verification

Exceptions Under the *Privacy Act*

The *Privacy Act* prohibits agencies from disclosing any record, which is contained in a system of records by any means of communication, to any person, or to another agency, except pursuant to a written request by, or with the prior written consent of, the individual to whom the record pertains, unless disclosure would be:¹

1. to those officers and employees of the agency which maintains the record who have a need for the record in the performance of their duties;
2. required under section 552 of this title;
3. for a routine use as defined in subsection (a)(7) of this section and described under subsection (e)(4)(D) of this section;
4. to the Bureau of the Census for purposes of planning or carrying out a census or survey or related activity pursuant to the provisions of Title 13;
5. to a recipient who has provided the agency with advance adequate written assurance that the record will be used solely as a statistical research or reporting record, and the record is to be transferred in a form that is not individually identifiable;
6. to the National Archives and Records Administration as a record which has sufficient historical or other value to warrant its continued preservation by the United States Government, or for evaluation by the Archivist of the United States or the designee of the Archivist to determine whether the record has such value;
7. to another agency or to an instrumentality of any governmental jurisdiction within or under the control of the United States for a civil or criminal law enforcement activity if the activity is authorized by law, and if the head of the agency or instrumentality has made a written request to the agency which maintains the record specifying the particular portion desired and the law enforcement activity for which the record is sought;
8. to a person pursuant to a showing of compelling circumstances affecting the health or safety of an individual if upon such disclosure notification is transmitted to the last known address of such individual;

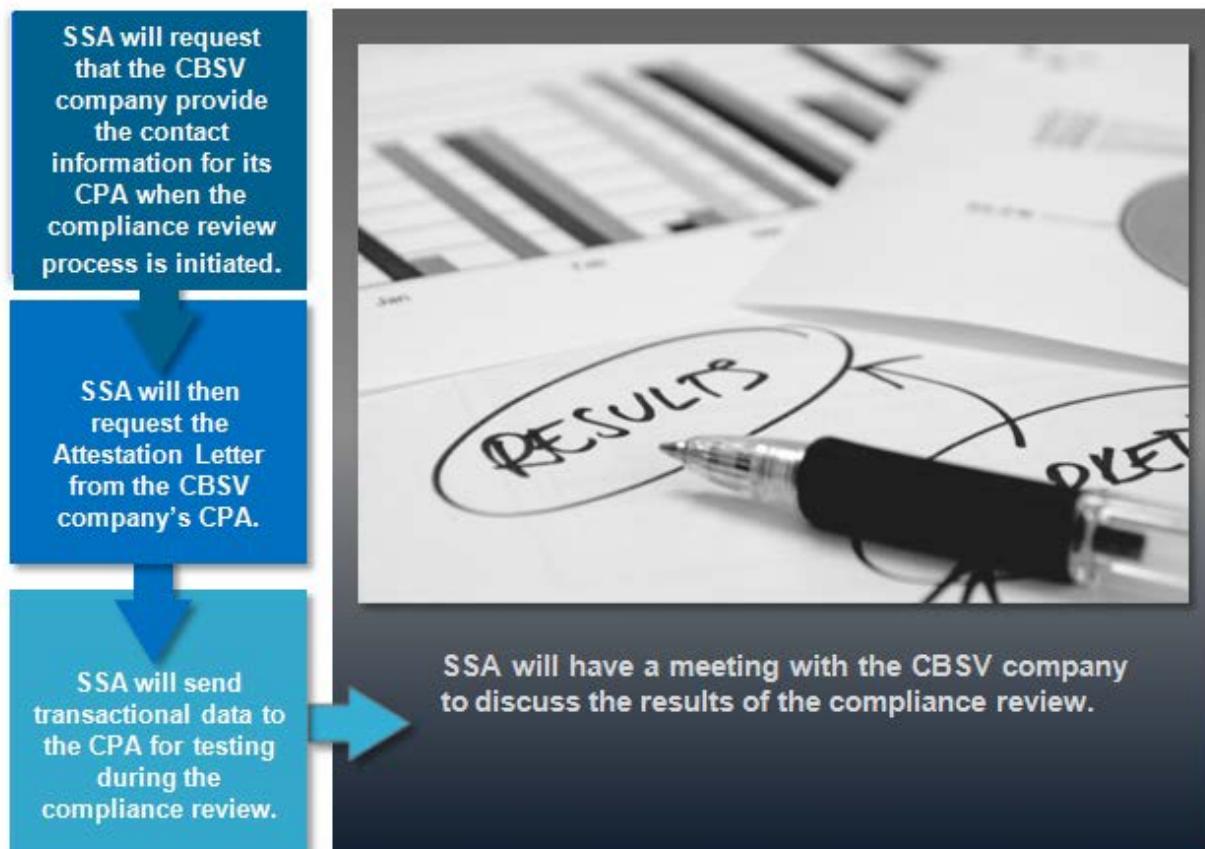
¹ *The Privacy Act of 1974*, as amended (*Privacy Act*), 5 U.S.C. § 552a(b).

9. to either House of Congress, or, to the extent of matter within its jurisdiction, any committee or subcommittee thereof, any joint committee of Congress or subcommittee of any such joint committee;
10. to the Comptroller General, or any of his authorized representatives, in the course of the performance of the duties of the Government Accountability Office;
11. pursuant to the order of a court of competent jurisdiction; or
12. to a consumer reporting agency in accordance with section 3711(e) of Title 31.

Compliance Review Process

Participating companies are required to sign a *User Agreement*, pay registration and transaction fees; and obtain written consent from the individual before verifying the individual's Social Security number through the Social Security Administration's (SSA) Consent Based Social Security Number Verification (CBSV) program. Moreover, companies are to bear all costs associated with hiring an independent certified public accountant (CPA) to assess the company's compliance with the terms and conditions of the *User Agreement*, especially the consent requirement.

The CPAs are required to follow standards established by the American Institute of Certified Public Accountants. In addition, they are not supposed to have a professional or personal affiliation with the CBSV registered company, including previous employment. However, the CBSV registered company may use the CPA that performs its annual financial audit.



Appendix D

Authorization for the Social Security Administration (SSA) to Release Social Security Number (SSN) Verification (Form SSA-89)

Social Security Administration
Authorization for the Social Security Administration (SSA)
To Release
Social Security Number (SSN) Verification

Printed Name _____ Date of Birth _____ SSN _____

I am conducting the following business transaction

[Identify a specific purpose. Example—seeking a mortgage from the Company—“identity verification” or “identity proof or confirmation” is not acceptable.]

with the following company (“the Company”):

Company Name _____ Address _____

I authorize the Social Security Administration to verify my name and SSN to the Company and/or the Company’s Agent, if applicable, for the purpose I identified.

The name and address of the Company’s Agent is:

I am the individual to whom the Social Security number was issued or that person’s legal guardian. I declare and affirm under the penalty of perjury that the information contained herein is true and correct. I acknowledge that if I make any representation that I know is false to obtain information from Social Security records, I could be found guilty of a misdemeanor and fined up to \$5,000.

This consent is valid only for 90 days from the date signed, unless indicated otherwise by the individual named above. If you wish to change this timeframe, fill in the following:

This consent is valid for _____ days from the date signed. _____ (Please initial.)

Signature _____ Date Signed _____

Contact information of individual signing authorization:

Address _____

City/State/Zip _____

Phone Number _____

Form SSA-89

Paperwork Reduction Act Statement - This information collection meets the requirements of 44 U.S.C. § 3507, as amended by section 2 of the Paperwork Reduction Act of 1995. You do not need to answer these questions unless we display a valid Office of Management and Budget control number. We estimate that it will take about 3 minutes to complete the form. You may send comments on our time estimate above to: SSA, 6401 Security Blvd., Baltimore, MD 21235-6401. *Send to this address only comments relating to our time estimate, not the completed form.*

.....TEAR OFF.....

NOTICE TO NUMBER HOLDER

The Company and/or its Agent have entered into an agreement with SSA that, among other things, includes restrictions on the further use and disclosure of SSA's verification of your SSN. To view a copy of the entire model agreement, visit
<http://www.ssa.gov/bso/cbsvPDF/agreement.pdf>

Scope and Methodology

To accomplish our objective, we:

- Reviewed applicable Federal law and regulations as well as the Social Security Administration's (SSA) policies and procedures as they relate to privacy and disclosure of personal information maintained in SSA's official records.
- Reviewed the Consent Based Social Security Number Verification (CBSV) program *User Agreement*.
- Reviewed 26 CBSV compliance reviews completed as of May 2012.
- Obtained CBSV transaction data for Fiscal Years (FY) 2009 through 2011.
 - For FY 2009, 48 companies submitted 828,100 verification requests.
 - For FY 2010, 53 companies submitted 1,158,441 verification requests.
 - For FY 2011, 64 companies submitted 1,414,879 verification requests.
- Obtained a list of CBSV registered users.
- Gained an understanding of the CBSV compliance review process.
- Obtained copies of signed Forms SSA-89, *Authorization for the Social Security Administration to Release Social Security Number Verification*, for 22 children whose names and SSNs were verified through CBSV between January 7, 2010 and September 15, 2011.

We determined that the CBSV data used for this audit were sufficiently reliable to meet our objective. The Office of Public Service and Operations Support is responsible for managing the CBSV program, which is under the Office of the Deputy Commissioner for Operations. Our work was conducted at the Philadelphia Audit Division, Philadelphia, Pennsylvania, from January through June 2012. We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require 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 objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

Appendix F

Agency Comments



SOCIAL SECURITY

MEMORANDUM

Date: September 27, 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, "Monitoring Controls for the Consent Based Social Security Number Verification Program" (A-03-12-11201)—INFORMATION

Thank you for the opportunity to review the draft report. Please see our attached comments.

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

Attachment

**COMMENTS ON THE OFFICE OF THE INSPECTOR GENERAL DRAFT REPORT,
“MONITORING CONTROLS FOR THE CONSENT BASED SOCIAL SECURITY
NUMBER VERIFICATION PROGRAM” (A-03-12-11201)**

Recommendation 1

Make a systems change to the CBSV program to prevent the processing of verification requests without a DoB.

Response

We disagree. We find it cost prohibitive to change our system to incorporate the date of birth (DoB) in the verification process at this time. We will reevaluate this decision in the future, as resources allow. In the interim, we will include more Social Security number (SSN) verification disclosures related to minors' records in the audit compliance review certified public accountants conduct for participating companies. This inclusion will strengthen efforts to ensure companies' compliance with the revised user agreement requirements for verifying minors' SSNs.

Recommendation 2

Justify and document why the eight companies were not required to have a compliance review but continued to use CBSV.

Response

We agree. Previously, we determined it was not cost effective to initiate compliance reviews for companies that use the Consent Based Social Security Verification (CBVS) program for fewer than 500 verification requests. These eight companies submitted far fewer than 500 verification requests in fiscal year (FY) 2011. Five companies ranged from 0-6 requests, two companies had 33-46 requests, and one company had 238 requests. With the exception of one, all of the companies continued their agreement with us in FY 2012.

On August 2, 2012, the Office of Management and Budget approved our revised user agreement, which includes instructions for a mandatory annual compliance review at the user's expense. It states, "SSA will determine the frequency of the Requesting Party's compliance review, which must be no less frequently than annually, with additional reviews as determined appropriate."

Additionally, we recently contracted with a vendor to perform independent compliance reviews on our behalf. We expect these reviews to provide additional guidance and recommendations for the compliance review process. We consider this recommendation closed for tracking purposes.

Recommendation 3

Require that participating companies conduct a compliance review at least annually.

Response

We agree. As stated in our response to recommendation 2, we recently revised our requirements and now require an annual review regardless of the number of verification requests. We consider this recommendation closed for tracking purposes.

Appendix G

OIG Contacts and Staff Acknowledgment

OIG Contacts

Cylinda McCloud-Keal, Director, Philadelphia Audit Division

Virginia Harada, Audit Manager

Acknowledgment

In addition to those named above:

David Domzalski, Auditor-in-Charge

For additional copies of this report, please visit our Website at <http://oig.ssa.gov> or contact the Office of the Inspector General's Public Affairs Staff at (410) 965-4518. Refer to Common Identification Number A-03-12-11201.

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