
**OFFICE OF
THE INSPECTOR GENERAL**

SOCIAL SECURITY ADMINISTRATION

**POTENTIAL SOCIAL SECURITY NUMBER
MISUSE IN CERTAIN UNIQUE POPULATIONS**

May 2009 A-08-08-28060

AUDIT REPORT



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- 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.
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SOCIAL SECURITY

MEMORANDUM

Date: May 26, 2009

Refer To:

To: The Commissioner

From: Inspector General

Subject: Potential Social Security Number Misuse in Certain Unique Populations
(A-08-08-28060)

OBJECTIVE

Our objective was to determine whether Social Security numbers (SSN) had been misused for employment purposes, when certain unique circumstances were present. In doing so, we examined the earnings records of numberholders we believed were less likely to work, including those who may be deceased.

BACKGROUND

The Social Security Administration (SSA) assigns SSNs primarily to ensure U.S. workers receive appropriate credit for the wages and self-employment income they earned and, ultimately, to determine eligibility for and entitlement to full and accurate benefits. SSA records pertinent information about numberholders in its Numerical Identification (Numident) file,¹ including death data posted by its Death Alert, Control, and Update System (DACS).² SSA, acting as an agent for the Internal Revenue Service (IRS), posts U.S. workers' annual earnings,³ as reported by employers and the

¹ The Numident is the repository for all SSNs assigned. Information in the Numident may include the numberholder's name, date and place of birth, parents' names, citizenship status at the time the numberholder filed the SSN card application, and dates of any replacement Social Security cards issued (71 Federal Register 1815, January 11, 2006).

² DACS receives death reports and compares the date of death to SSA's payment records. If there is no conflicting information, DACS records the death on the Numident. If the comparison indicates that payments have been made after death or there is conflicting information about the date of death, DACS generates an alert to the field office.

³ The Social Security Act § 205(c)(2)(A), 42 U.S.C. § 405(c)(2)(A) requires that SSA "...establish and maintain records of the amounts of wages paid to, and the amounts of self-employment income derived by, each individual and of the periods in which such wages were paid and such income was derived...."

IRS, in its Master Earnings File (MEF).⁴ SSA uses MEF data to determine eligibility for, and the amount of, Social Security benefits. However, SSA's ability to ensure individuals' earnings are properly credited to the MEF is greatly dependent on employers and employees accurately reporting SSNs and names on a *Wage and Tax Statement* (Form W-2).

Before posting workers' earnings to the MEF, SSA's Annual Wage Reporting validation process matches numberholders' SSNs and names, as shown on the W-2, to the information recorded on the Numident. When SSA cannot associate reported earnings to a specific SSN/name combination, it posts the W-2 data in the Earnings Suspense File (ESF)—the repository for all unmatched wage items.⁵ SSA's system also checks the Numident for indications the numberholder is deceased. If a date of death is present and the year of death is before the year of reported wages, SSA's system posts the wages to the ESF and identifies them as Earnings After Death records. SSA contacts the employers who submitted the W-2s to resolve Earnings After Death records.

When an individual uses another person's SSN and name to work in the United States, SSA's system may post wages reported for that worker to the true numberholder's account. Generally, unless the true numberholder recognizes the overstatement of earnings and disclaims the wages with SSA and/or IRS, these earnings remain overstated in SSA's records.⁶ This may result in SSA paying some individuals more benefits than they are entitled to receive. Furthermore, when an individual uses a deceased person's SSN and name to work and the decedent's Numident does not indicate his/her death, SSA's system may post wages reported for that worker to the decedent's account. The absence of dates of death on the Numident could impact other programs, such as the Department of Homeland Security's E-Verify program,⁷ which relies on information SSA provides from the Numident record, to confirm work eligibility.

⁴ The MEF contains all earnings data reported by employers and self-employed individuals (71 Federal Register 1819, January 11, 2006).

⁵ SSA posts wage items that cannot be matched to its records, including self-employment earnings, to the ESF.

⁶ Each year, SSA issues workers aged 25 and older a *Social Security Statement* of wages reported under their SSNs. SSA encourages those receiving a *Social Security Statement* to check the accuracy of the recorded earnings and immediately report any discrepancies. In addition, when filing for Social Security benefits, applicants are required to confirm the accuracy of their earnings record.

⁷ E-Verify is a Department of Homeland Security on-line system that participating employers use to verify new hires' work eligibility. Employers submit information from a new employee's Form I-9 (Employment Eligibility Verification) and E-Verify compares the data submitted against SSA and Department of Homeland Security databases.

To accomplish our objective, we obtained three extracts of SSNs from one segment of the Numident⁸ and related MEF records. The extracts were limited to Numident records that did not contain dates of death and were based on the following criteria.⁹

- Category 1 – Individuals with covered earnings (through 2006) posted in at least 1 year on or after the numberholder reached age 100.
- Category 2 – Individuals age 65 to 99 with no earnings posted before age 65 but with covered earnings in at least 1 year from 2000 through 2006.
- Category 3 – Individuals age 49 to 99 with a 30-year or more gap in earnings but with covered earnings in at least 1 year from 2000 through 2006.

We identified a population of 25 SSNs for Category 1 and performed a 100-percent review. We removed records from Categories 2 and 3 when the numberholder's Master Beneficiary (MBR)¹⁰ or Supplemental Security Record (SSR)¹¹ indicated the individual was deceased, but a date of death was not recorded on the Numident. For these records, we created Categories 2A and 3A and performed a 100-percent review. We then randomly selected and reviewed 200 SSNs each from Categories 2 and 3. The sample size and the Numident segment population and universe for each category are shown in Table 1.

⁸ SSA stores Numident records in equal segments by numerically arranging records according to the last two digits of the SSN (for example, 80-84, 85-89, 90-94, etc.). Each segment represents about 5 percent of all Numident records, and there are 20 segments in total. It is common practice for SSA to use a segment to estimate results to the entire file.

⁹ Although wage postings were only available through 2006 when we obtained the extracts, during our analysis period, 2007 earnings became available. Accordingly, we reviewed this information for the sample numberholders. In addition, we only considered MEF records with "covered" earnings, which are earnings creditable for payment of Social Security benefits. However, for Category 3, we considered records with noncovered earnings that were earned before the 30-year gap.

¹⁰ The MBR is the master payment file for the Retirement and Survivors and Disability Insurance programs.

¹¹ The SSR is the master payment file for the Supplemental Security Income program for the aged, blind, and disabled.

Table 1: Details of Sample Records Selected for Review

| Category | Description of Numberholders in Category | Sample Size | Number of SSNs in Segment 11 of Numident File | Estimate of Total SSNs in Numident File, that is, the Universe (Segment x 20) |
|-----------------|---|--------------------|--|--|
| 1 | Age 100 or older, earnings on or after age 100 | 25 | 25 | 500 |
| 2 | Age 65 to 99, no earnings before age 65 | 200 | 3,870 | 77,400 |
| 2A | Age 65 to 99, no earnings before age 65 and death indicator on other SSA records | 9 | 9 | 180 |
| 3 | Age 49 to 99, with 30-year or more gap in earnings | 200 | 2,620 | 52,400 |
| 3A | Age 49 to 99, with 30-year or more gap in earnings and death indicator on other SSA records | 3 | 3 | 60 |
| Total | | 437 | 6,527 | 130,540 |

When reviewing the sample items, we performed a variety of analyses to determine whether it appeared another person used the numberholder's SSN for work purposes.¹² We sent letters to employers requesting verification of workers' SSNs, names, and dates of birth for those SSNs where it appeared misuse occurred. In addition, we requested that our Office of Investigations check its records to identify whether any of its prior fraud/misuse cases implicated these SSNs.

We also performed a variety of analyses to determine whether numberholders were deceased. For example, for Category 1, we checked SSA databases, State Bureaus of Vital Statistics (BVS), and LexisNexis¹³ for any death records. In addition, we determined whether the Centers for Medicare and Medicaid Services had recorded any recent Medicare claims activity for these numberholders. We also requested that SSA field office personnel visit certain numberholders to determine whether they were alive.

¹² For purposes of this report, we determined potential SSN misuse occurred when (1) W-2's SSN and last name matched that on the Numident and (2) employers who reported the wages verified that the worker's first name and/or date of birth was significantly different from that shown on the Numident.

¹³ LexisNexis is an on-line service that provides comprehensive information, such as legal, news, business and public records content.

Scope Limitations and Underlying Assumptions

In performing our tests, we could not always verify the person working under our sample SSN was the true numberholder because of the elapsed time between when the numberholders' wages were earned and recorded in SSA's MEF and our review of these records. Further, in some cases, the employer no longer had records of the worker or was no longer in business. Therefore, we could not always obtain from the employers information that would allow us to verify that the worker was the true numberholder.

To assist in our death determinations, we searched SSA records and LexisNexis to identify numberholders' last known addresses. However, some numberholder addresses were outdated and inconsistent. Concluding whether numberholders were deceased would have required extensive searches—that is, searching records of each local, State, and/or U.S. territory BVS of which there are thousands—to obtain verification of death, if one existed, for each numberholder. Even if we conducted these searches, we had no assurance the (1) individuals did not die in another country and the United States received the death record or (2) BVSs have death records for everyone who has ever died in the United States.

Because of these limitations, our analyses produced mixed results, and we were unable to establish whether some SSNs were misused. As a result, our audit scope and results were limited in these cases. Furthermore, we made the following assumptions when performing our analyses.

- Unless a numberholder's *Application for a Social Security Card* (Form SS-5), MBR, or SSR indicated a different date of birth than that shown on the Numident, the Numident date of birth was correct.
- For certain numberholders, the last known documented address was the locality in which we searched for a death record.

See Appendix B for more information regarding our scope and methodology and Appendix C for our sample appraisal.

RESULTS OF REVIEW

Our audit confirmed that numberholders' SSNs, in the unique categories we defined, *may* be misused for work. As a result, SSA would post the earnings from this work to the true numberholders' MEF record. From the 5 categories reviewed, we identified 24 cases in which someone may have misused the numberholder's SSN and name, including 1 SSN that belonged to a deceased numberholder.¹⁴ We determined that many of these potentially misused SSNs were from Category 2—SSNs that belonged to

¹⁴ For this numberholder, we targeted only those earnings that occurred after the year of the numberholder's death.

numberholders who were age 65 to 99 who had no earnings posted to their accounts before age 65. For Category 2, we determined that potential misuse occurred in 17 (8.5 percent) of the 200 SSNs reviewed. Therefore, we estimate about 6,580 of the approximately 77,400 SSNs in this Category were potentially misused for work purposes.

We acknowledge that identifying and investigating each case with characteristics similar to those we defined would be labor-intensive and costly—and would likely produce mixed results. Accordingly, we are not recommending that SSA take action to routinely review such occurrences. However, through reviewing these cases, we identified an opportunity for SSA to strengthen its wage reporting process. Specifically, we determined SSA posted wages to 11 aged (age 100 or older) numberholders' records. Of these, three were due to potential misuse.¹⁵ For the remaining eight, Single Select, a component of SSA's Annual Wage Reporting validation process, erroneously posted the earnings to these numberholders' records. In these eight cases, the true numberholders' SSNs and/or last names were similar—but, not identical—to those reported on the workers' W-2s. We believe SSA has a responsibility to ensure effective controls are in place to prevent its system from posting others' wages to aged numberholders' earnings records.

Overall, we identified 19 deceased numberholders. However, SSA posted earnings to only 12¹⁶ of the numberholders' MEF records after their deaths. In these cases, the decedents' Numidents did not reflect their dates of death, and the workers' SSNs and last names matched or were similar to those of the deceased numberholders. In previous audits, we reviewed SSA's death reporting process and made recommendations for improvements.¹⁷ We continue to support those recommendations but will not repeat them in this report.

¹⁵ These 3 are included in the 24 potential misuse cases.

¹⁶ Of the 12 instances, 1 occurred because of potential SSN misuse, 6 occurred because of SSA's Single Select routine and 5 occurred because of other factors, such as possible employer error.

¹⁷ SSA, Office of the Inspector General (OIG), *Congressional Response Report: The Social Security Administration's Efforts to Process Death Reports and Improve its Death Master File* (A-09-03-23067), January 2003, and *Improving the Usefulness of Social Security Administration's Death Master File* (A-09-98-61011), July 2000.

NUMBERHOLDERS' RECORDS CONTAINED POSTED EARNINGS THAT MAY INDICATE SSN MISUSE

Of the 200 earnings records reviewed in Category 2, we concluded that SSN misuse may have occurred in 17 (8.5 percent) cases. Given this error rate, we estimate that about 6,580 of the approximately 77,400 SSNs in this Category were potentially misused for work purposes (see Appendix C). This Category of SSNs belonged to numberholders who were age 65 to 99, and SSA had not posted any earnings to their account before age 65. We determined that the majority of numberholders in this Category were foreign-born, and many had not applied for an SSN until age 65 or later. For the remaining categories, we concluded that seven¹⁸ numberholders' SSNs were potentially used by another to work, including one¹⁹ that belonged to a deceased person. The sample size and the number of potential SSN misuse cases for each Category are shown in Table 2.

Table 2: Number of Potential SSN Misuse Cases for Each Category

| Category | Description of Numberholders in Category | Sample Size | Number of Potential SSN Misuse Cases in Sample |
|---|---|-------------|--|
| 1 | Age 100 or older, earnings on or after age 100 | 25 | 3 |
| 2 | Age 65 to 99, no earnings before age 65 | 200 | 17 |
| 2A | Age 65 to 99, no earnings before age 65 and death indicator on other SSA records | 9 | 1 ²⁰ |
| 3 | Age 49 to 99, with 30-year or more gap in earnings | 200 | 3 |
| 3A | Age 49 to 99, with 30-year or more gap in earnings and death indicator on other SSA records | 3 | 0 |
| Total Potential SSN Misuse Cases | | | 24 |

For each of the potentially misused SSNs, the worker's SSN and last name, as shown on the W-2, matched that of the numberholder. Because of this match, SSA's system posted the wages to the true numberholder's account. However, the employers for these 24 workers provided us with first names and/or dates of birth that were significantly different than those recorded on the Numident. We believe the following examples from our sample SSNs illustrate the possibility that SSN misuse may have occurred—and the earnings of this work posted to others' SSN records.

¹⁸ Of these, three were from Category 1, one was from Category 2A, and three were from Category 3.

¹⁹ This instance occurred in Category 2A.

²⁰ This count includes the one deceased numberholder.

- In one instance, five employers reported a worker's wages for 2000 under the SSN and name of a numberholder who died in 1995.²¹ Four of these employers provided a date of birth for the worker that was more than 20 years after the numberholder's birth. However, since 2000, no employers have reported earnings under this SSN and name.
- In another instance, an employer reported, and SSA posted, a worker's 2001 through 2003 earnings under the SSN and name of our sample numberholder. However, the worker's first name was different from the numberholder's.²² Based on the employer's response, we determined the worker could be the numberholder's son—who obtained his own SSN in 2003. Since 2003, it appears all earnings reported and posted to the numberholder's account belong to the true numberholder.

We recognize that SSA does not have a procedure to routinely distinguish the probability for SSN misuse in such cases and that to do so, the Agency would need to develop a process that may be labor-intensive and costly. Accordingly, we are not recommending that SSA take action to routinely identify such occurrences. However, we referred 18 of the 24 potential misuse cases to our Office of Investigations.²³

EARNINGS POSTED TO AGED²⁴ NUMBERHOLDERS' RECORDS

We concluded that SSA's system posted another's wages to 11 (44 percent) of the 25 aged (age 100 or older) numberholders' earnings records. Of these, we determined that three aged numberholders' SSNs were potentially misused by another, as identified in the previous section of this report. Additionally, SSA's system routine, Single Select, erroneously posted earnings to the other eight aged numberholders' records.

Single Select identifies and attempts to reconcile W-2 data that do not match numberholder information on the Numident. To identify the correct record, Single Select generates multiple variations of the SSN from the W-2. If Single Select establishes a match between the W-2 and Numident, SSA's system posts the wages to that numberholder's earnings record. However, Single Select may match wages to the wrong Numident when the SSN and name of a worker and a numberholder are similar. In fact, an SSA representative acknowledged that the Single Select process may result in workers' earnings being posted to other numberholders' accounts. For example, we determined that Single Select erroneously posted 2003 wages for a worker named Artemio to the record of a 103-year-old numberholder whose first name was Ana. We

²¹ This instance occurred in Category 2A.

²² This instance occurred in Category 2.

²³ We only referred those cases where there were earnings in 2005 or later or we located a record of death. Of the 24 cases, 6 did not meet these criteria.

²⁴ For this report, we defined aged as a numberholder age 100 or older—who we believe are less likely to work. These are Category 1 SSNs.

contacted the employer, who reported the earnings and learned the worker's SSN was similar to the numberholder's and their last names matched. However, Single Select was unable to distinguish between the numberholder and worker. As illustrated in this example, Single Select may erroneously post a worker's wages to another's earnings record.

When wages are incorrectly posted to aged numberholders' records, whether by SSA's processes or SSN misuse, earnings are not properly credited to the true workers' accounts. We believe SSA has a responsibility to ensure effective controls are in place to prevent its system from posting others' wages to aged numberholders' earnings records, especially for those who are less likely to work. We believe SSA can effectively improve its earnings process by reducing this type of posting. As such, we recommend that SSA generate an alert for manual review before its system posts wages to aged numberholders' earnings records. In addition, we believe SSA should remove the erroneous wages that Single Select posted to the eight records identified in our review. We will provide further details on these records under separate cover.

NUMIDENT RECORDS DID NOT REFLECT DATES OF DEATH

Overall, we identified 19 deceased numberholders.²⁵ However, their Numidents did not reflect their dates of death. While we obtained a few numberholders' dates of death through searching local BVSs, we determined most of these numberholders' deaths by reviewing other SSA records, such as the MBR, SSR, or another Numident.²⁶ Furthermore, SSA posted earnings to 12 of the 19 deceased numberholders' records years after their deaths.²⁷

We recognize that SSA's ability to accurately record dates of death in its Numident greatly depends on States, family, friends, and others promptly and correctly reporting this information to the Agency. Additionally, we realize the Agency's death reporting process does not always record incoming death information on decedents' Numidents. This generally occurs when the incoming death report contains an SSN and/or name that is different from that shown on the decedent's Numident.

Because of a 1999 Pricewaterhouse Coopers, LLP, recommendation,²⁸ SSA initiated a project that matched DACUS death dates to those on the MBR and SSR. However, because of limited resources, the Agency did not post these proven dates of death to the respective Numidents. In 2000, we recommended SSA reconcile deaths that

²⁵ This count includes the one potential misuse record.

²⁶ Some numberholders had more than one SSN and therefore more than one Numident.

²⁷ Of the 12 instances, 1 occurred because of potential SSN misuse, 6 occurred because of SSA's Single Select routine and 5 occurred because of other factors, such as possible employer error.

²⁸ Pricewaterhouse Coopers, LLP, *Management Letter on Recommendations to Improve Management Controls and Operations Resulting from the Fiscal Year 1999 Financial Statement Audit*, November 1999.

remained unrecorded on the Numident.²⁹ SSA disagreed because it believed the reconciliation process would be difficult and labor-intensive. Although we are not making a recommendation in this report, we continue to believe SSA should reconcile deaths recorded on the MBR and/or SSR to decedents' Numidents, especially given that the Department of Homeland Security's E-Verify program relies on information that SSA provides from the Numident record to verify employment eligibility. In addition, we believe SSA should record the numberholders' deaths we identified in this review to their Numidents. We will provide further details regarding the deceased numberholders under separate cover.

CONCLUSION AND RECOMMENDATIONS

Although our audit confirmed that numberholders' SSNs *may* be misused for work and these earnings posted to their records, we acknowledge that identifying and investigating each case with characteristics similar to those we identified in this review would be labor-intensive and costly—and would likely produce mixed results. Additionally, because we could not always verify the person working under our sample SSN was the true numberholder, we cannot conclude SSN misuse occurred without extensive research into each instance. Accordingly, we are not recommending that SSA take action to routinely identify such occurrences.

However, we believe SSA has a responsibility to ensure effective controls are in place to prevent posting others' wages to aged numberholders' earnings records. As such, the Agency should remove the erroneous postings we identified. Additionally, because the absence of dates of death on the Numident could impact other databases, including the Death Master File and the Department of Homeland Security's E-Verify program, we believe the Agency should record the deaths we identified on the applicable Numident records. We will provide further details regarding the improperly posted earnings and deceased numberholders under separate cover.

Accordingly, we recommend that SSA:

1. Generate an alert for manual review before its system posts earnings to aged (age 100 or older) numberholders' records.
2. Remove the erroneous wages that Single Select posted to the eight records identified in our review.
3. Record the deaths identified in this review to the appropriate Numidents.

²⁹ SSA OIG, *Improving the Usefulness of Social Security Administration's Death Master File* (A-09-98-61011), July 2000.

AGENCY COMMENTS AND OIG RESPONSE

We believe SSA's response and planned actions adequately address our recommendations. SSA also provided technical comments that we considered and incorporated, where appropriate. The full text of SSA's comments is included in Appendix D.

A handwritten signature in black ink, appearing to read "Patrick P. O'Carroll, Jr."

Patrick P. O'Carroll, Jr.

Appendices

[APPENDIX A](#) – Acronyms

[APPENDIX B](#) – Scope and Methodology

[APPENDIX C](#) – Sample Appraisal

[APPENDIX D](#) – Agency Comments

[APPENDIX E](#) – OIG Contacts and Staff Acknowledgments

Appendix A

Acronyms

| | |
|----------|---|
| BVS | Bureau of Vital Statistics |
| DACUS | Death Alert, Control, and Update System |
| ESF | Earnings Suspense File |
| MBR | Master Beneficiary Record |
| MEF | Master Earnings File |
| Numident | Numerical Identification |
| OIG | Office of the Inspector General |
| SSA | Social Security Administration |
| SSN | Social Security Number |
| SSR | Supplemental Security Record |
| U.S.C. | United States Code |

Forms

| | |
|------|---|
| SS-5 | <i>Application for a Social Security Card</i> |
| W-2 | <i>Wage and Tax Statement</i> |

Scope and Methodology

To accomplish our objective, we:

- Reviewed pertinent sections of the Social Security Administration's (SSA) policies and procedures as well as relevant Federal laws and regulations.
- Reviewed Office of the Inspector General and Government Accountability Office reports and other relevant documents.
- Obtained three data extracts from one randomly selected segment of SSA's Numerical Identification (Numident)¹ file—the repository of all assigned Social Security numbers (SSN). The extracts were limited to Numident records that did not contain dates of death as of December 31, 2006. For each Numident record, we obtained the corresponding earnings record from SSA's Master Earnings File (MEF).² The extracts were created based on the following criteria.³
 - Category 1 – Individuals with covered earnings (through 2006) posted at least 1 year on or after the numberholder reached age 100.
 - Category 2 – Individuals age 65 to 99 with no earnings posted before age 65 but with covered earnings in at least 1 year from 2000 through 2006.
 - Category 3 – Individuals age 49 to 99 with a 30-year or more gap in earnings but with covered earnings in at least 1 year from 2000 through 2006.

For Category 1, we identified a population of 64 SSNs. However, during our review of these 64 records, we excluded 39 because the Numidents contained incorrect dates of birth, and these numberholders were under 100 years of age. We performed a 100-percent review of the remaining 25 records.

¹ SSA stores Numident records in equal segments by numerically arranging records according to the last two digits of the SSN (for example, 80-84, 85-89, 90-94, etc.). Each segment represents about 5 percent of all Numident records, and there are 20 segments in total. It is common practice for SSA to use a segment to estimate results to the entire file.

² The MEF contains all earnings data reported by employers and self-employed individuals (71 Federal Register 1819, January 11, 2006).

³ Although wage postings were only available through 2006 when we obtained the extracts, during our analysis period, 2007 earnings became available. Accordingly, we reviewed this information for the sample numberholders. In addition, we only considered MEF records with "covered" earnings, which are earnings creditable for payment of Social Security benefits. However, for Category 3, we considered records with noncovered earnings that were earned before the 30-year gap.

For Categories 2 and 3, we excluded records for numberholders who were receiving Social Security payments.⁴ In addition, for Categories 2 and 3, we created separate Categories (2A and 3A) for numberholders whose Master Beneficiary (MBR)⁵ or Supplemental Security Record (SSR)⁶ indicated the numberholder was deceased and performed a 100-percent review of these records.⁷ From the remaining records, we identified a universe of 3,870 SSNs for Category 2 and 2,620 SSNs for Category 3 and randomly selected 200 SSNs from each category to review.

For all five categories, we performed the following steps to isolate those SSN records we believed indicated there was a higher probability the numberholder was deceased and another individual used the decedent's SSN to work.

- We obtained copies of numberholders' *Application for a Social Security Card* (Form SS-5) for original and replacement SSN cards. We reviewed the SS-5s to obtain biographical information and numberholders' addresses.
- We obtained copies of the most recent *Wage and Tax Statement* (Form W-2) to determine whether the SSN and name reported matched that on the Numident. We also obtained workers' addresses from the W-2 to compare with other addresses collected.
- We reviewed SSA's MBR and/or SSR to obtain workers' addresses to compare with other addresses collected.
- For all categories, we obtained each numberholder's detailed earnings queries to determine the type of work performed and whether this work was consistent with the capabilities of the numberholder's age. Additionally, for Category 1, we determined whether these individuals, age 100 or older, worked consistently after age 65. For numberholders in Categories 3 and 3A, we determined whether the type of current work was consistent with work performed in prior years.
- We performed LexisNexis⁸ searches to obtain data on numberholders, particularly dates of death, and compared LexisNexis addresses to other addresses collected.

⁴ We excluded these records because we believe numberholders receiving payments are unlikely to be deceased.

⁵ The MBR is the master payment file for the Retirement and Survivors and Disability Insurance programs.

⁶ The SSR is the master payment file for the Supplemental Security Income program for the aged, blind, and disabled.

⁷ There were nine records in Category 2A and three records in Category 3A.

⁸ LexisNexis is an on-line service that provides comprehensive information, such as legal, news, business and public records content.

Based on the steps above, we identified sample records in which SSNs appeared likely to have been misused by another person. For these sample records, we performed the following additional steps.

- We sent letters to employers and requested workers' SSNs, names, and dates of birth to determine whether employment information was consistent with data recorded on the Numident.
- We requested that SSA field office personnel visit State Bureaus of Vital Statistics to determine whether there was a death record for certain numberholders. For Category 1, we contacted SSA field offices and requested they visit certain numberholders and determine whether these individuals were alive.
- We requested that our Office of Investigations check its National Investigative Case Management System database to determine whether there was a record of fraud or misuse associated with those sample SSNs we believed were potentially misused.
- For Category 1, we requested the most recent date of Medicare claims activity from the Centers for Medicare and Medicaid Services to identify potentially deceased numberholders.
- For certain numberholders who were noncitizens, we requested that the Department of Homeland Security verify its current classes of admission to determine whether types of work and earnings were consistent with their immigration statuses.

Scope Limitations and Underlying Assumptions

In performing our tests, we could not always verify the person working under our sample SSN was the true numberholder because of the elapsed time between when the numberholders' wages were earned and recorded in SSA's MEF and our review of these records. Further, in some cases, the employer no longer had records of the worker or was no longer in business. Therefore, we could not always obtain from the employers information that would allow us to verify that the worker was the true numberholder.

To assist in our death determinations, we searched SSA records and LexisNexis to identify numberholders' last known addresses. However, some numberholder addresses were outdated and inconsistent. Concluding whether numberholders were deceased would have required extensive searches—that is, searching records of each local, State, and/or U.S. territory BVS of which there are thousands—to obtain verification of death, if one existed, for each numberholder. Even if we conducted these searches, we had no assurance the (1) individuals did not die in another country and the United States received the death record or (2) BVSs have death records for everyone who has ever died in the United States.

Because of these limitations, our analyses produced mixed results, and we were unable to establish whether some SSNs were potentially misused. As a result, our audit scope and results were limited in these cases. Furthermore, we made the following assumptions when performing our analyses.

- Unless a numberholder's SS-5, MBR, or SSR indicated a different date of birth than that shown on the Numident, the Numident date of birth was correct.
- For certain numberholders, their last known documented address was the locality in which we searched for a death record.

Although we found the data used for this audit were generally reliable to meet our audit objective, there were exceptions. The Numident was sufficiently reliable except when death was not recorded, and the MEF was sufficiently reliable except when it contained improperly posted earnings. However, we did not rely on the Numident or the MEF in these instances. Instead, we performed other tests to verify whether numberholders were alive and if earnings belonged to the numberholders.

The SSA entities audited were the Offices of the Deputy Commissioners for Systems, Operations, and Retirement and Disability Policy. We conducted this performance audit from April 2008 through January 2009 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 objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Appendix C

Sample Appraisal

Table 1: Sample Results and Projection for Category 2¹

| SAMPLE ATTRIBUTE APPRAISAL | |
|---|-------|
| Population of Category 2 SSNs from One Segment of the Numident | 3,870 |
| Sample Size | 200 |
| Attribute Projection | |
| Number of Instances in Sample Where SSN was Potentially Misused by Another | 17 |
| Point Estimate | 329 |
| Projection Lower Limit | 215 |
| Projection Upper Limit | 478 |
| Numident Estimate | |
| Estimate in 20 Segments of Numident File (Point Estimate multiplied by 20) | 6,580 |

NOTE: Projection is at the 90-percent confidence level.

¹ Category 2 – Individuals age 65 to 99 with no earnings posted to their account before age 65 but with covered earnings in at least 1 year from 2000 through 2006 and whose Numident records did not contain dates of death as of December 31, 2006.

Appendix D

Agency Comments



SOCIAL SECURITY

MEMORANDUM

Date: May 4, 2009

Refer To: S1J-3

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

From: James A. Winn
Chief of Staff /s/

Subject: Office of the Inspector General (OIG) Draft Report, "Potential Social Security Number Misuse in Certain Unique Populations" (A-08-08-28060)—INFORMATION

Thank you for the opportunity to review and comment on the draft report. We appreciate OIG's efforts in conducting this review. Attached is our response to the report findings and recommendations.

Please let me know if we can be of further assistance. Staff inquiries may be directed to Ms. Candace Skurnik, Director, Audit Management and Liaison Staff, at extension 54636.

Attachment

COMMENTS ON THE OFFICE OF THE INSPECTOR GENERAL (OIG) DRAFT REPORT, "POTENTIAL SOCIAL SECURITY NUMBER MISUSE IN CERTAIN UNIQUE POPULATIONS" (A-08-08-28060)

We are pleased that the review did not find widespread Social Security number (SSN) misuse for the unique population selected for analysis. Below are our responses to the specific recommendations, as well as some technical comments.

Recommendation 1

Generate an alert for manual review before its system posts earnings to aged (age 100 or older) numberholders' records.

Comment

We agree that an alert would be a proactive step allowing an opportunity for early review of the record for possible fraudulent earnings activity. By May 31, 2009, we will determine if instituting such an alert is possible given current resources.

Recommendation 2

Remove the erroneous wages that Single Select posted to the eight records identified in the review.

Comment

We agree. We will resolve the erroneous wages that Single Select posted to the eight records identified.

Recommendation 3

Record the deaths identified in the review to the appropriate Numidents.

Comment

We agree. We will record the deaths identified to the appropriate Numidents.

Appendix E

OIG Contacts and Staff Acknowledgments

OIG Contacts

Kimberly A. Byrd, Director

Theresa Roberts, Audit Manager

Acknowledgments

In addition to those named above:

Neha Smith, Auditor-In-Charge

Ken Coward, Senior Program Analyst

Charles Lober, Information Technology Specialist

For additional copies of this report, please visit our web site at
www.socialsecurity.gov/oig or contact the Office of the Inspector General's Public Affairs Staff Assistant at (410) 965-4518. Refer to Common Identification Number A-08-08-28060.

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