

Audit Report

Improper Use of Children's Social
Security Numbers

A-03-12-21269 / March 2014

OIG

Office of the Inspector General
SOCIAL SECURITY ADMINISTRATION

MEMORANDUM

Date: March 31, 2014 Refer To:

To: The Commissioner

From: Inspector General

Subject: Improper Use of Children's Social Security Numbers (A-03-12-21269)

The attached final report presents the results of our audit. Our objective was to determine whether employees were improperly using children's Social Security numbers for work purposes.

If you wish to discuss the final report, please call me or have your staff contact Steven L. Schaeffer, Assistant Inspector General for Audit, at (410) 965-9700.



Patrick P. O'Carroll, Jr.

Attachment

Improper Use of Children's Social Security Numbers

A-03-12-21269

SOCIAL SECURITY
ADMINISTRATION



March 2014

Office of Audit Report Summary

Objective

To determine whether employees were improperly using children's Social Security numbers (SSN) for work purposes.

Background

As part of the Annual Wage Reporting process, the Social Security Administration (SSA) verifies the names and SSNs on *Wage and Tax Statements* (Form W-2) to ensure the reported name and SSN is accurate before SSA posts the information from the W-2 to the Master Earnings File. When SSA's data indicate a wage earner is a child age 6 or younger, SSA places the earnings in the Earnings Suspense File (ESF), a repository for unmatched wage items, and assigns a Young Children's Earnings (YCER) indicator. SSA mails notices to employers and employees to confirm the children legitimately earned the wages. However, SSA does not have a process for children between ages 7 and 13. SSA posts these children's wages to their earnings records.

In addition, if the data include a date of death, SSA places in the ESF all the earnings reported after the year of death and assigns an Earnings After Death indicator. SSA sends notices to the employers and employees to confirm employment.

Our Findings

In Tax Years (TY) 2007 to 2010, about 37,700 employers reported approximately \$1 billion in wages using the names and SSNs assigned to 36,546 children ages 13 and younger. Of these 36,546 children, SSA's records indicated that 36,181 were alive and 365 were deceased when the wages were earned. From the population of children who were living, we sampled 100 children and 100 employers for detailed review. For the deceased children, we reviewed all 365 children.

For our sampled cases, the majority of children who were alive appeared to have legitimate work activity, whereas the majority of deceased children's identities had been misused for work purposes. Our sample of 100 living children revealed 71 were legitimately working and had earned approximately \$30 million in wages in TYs 2007 to 2010. Of the remaining 29 cases, 8 were related to SSN misuse, 6 were related to edit routine errors, and 15 were related to enumeration errors. For the 100 sampled employers, the findings were similar. We found 66 employers had legitimately employed children while 34 employers reported wages involving SSN misuse and enumerations errors. Additionally, 362 of the 365 deceased children's cases involved SSN misuse. These children had about \$9 million in wages reported by employers that did not typically employ children.

Although many of the employers involved with the SSN misuse cases were registered to use the Social Security Number Verification Service (SSNVS), they may not have been aware they verified SSNs that belonged to children under age 14 because the date of birth is not mandatory for verification.

Our Recommendations

We recommended SSA (1) review the 13 cases related to date of birth (DoB) errors and initiate appropriate actions to correct the DoB; (2) review the six cases where SSA's edit routines incorrectly reinstated an ESF wage item to a child's record and initiate appropriate actions to remove the wages from the Master Earnings File; and (3) add a verification response code to SSNVS to notify employers when a child's SSN has been submitted for verification.

SSA agreed with our recommendations.

ABBREVIATIONS

| | |
|-------|---|
| AWR | Annual Wage Reporting |
| DoB | Date of Birth |
| DoL | Department of Labor |
| ESF | Earnings Suspense File |
| MEF | Master Earnings File |
| OIG | Office of the Inspector General |
| SSA | Social Security Administration |
| SSN | Social Security Number |
| SSNVS | Social Security Number Verification Service |
| TY | Tax Year |
| YCER | Young Children's Earnings Record |

Forms

| | |
|-----------|---|
| 1099-MISC | <i>Miscellaneous Income</i> |
| SS-5 | <i>Application for a Social Security Card</i> |
| W-2 | <i>Wage and Tax Statement</i> |

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OBJECTIVE

Our objective was to determine whether employees were improperly using children's Social Security numbers (SSN) for work purposes.

BACKGROUND

As part of the Annual Wage Reporting (AWR) process,¹ the Social Security Administration (SSA) verifies the names and SSNs on *Wage and Tax Statements* (Form W-2) against the Numident² to ensure the reported name and SSN is accurate before the information from the W-2 is posted to the Agency's Master Earnings File (MEF).³

When the Numident indicates a wage earner is a child age 6 or younger, SSA places the wages in the Earnings Suspense File (ESF), a repository for unmatched wage items, and assigns a Young Children's Earnings Record (YCER) indicator.⁴ SSA mails notices to employers and employees to confirm the children earned the wages.⁵ However, SSA does not have a process for children between ages 7 and 13. If the Numident indicates the wage earner is a child age 7 or older, SSA posts the earnings to the MEF if the name and SSN on the W-2 match SSA's records. In addition, if the Numident contains a date of death, SSA places all the earnings reported after the year of death in the ESF and assigns an Earnings After Death indicator. SSA sends notices to the employers and employees to confirm employment.

Child Labor Guidance

The Department of Labor (DoL) allows children of any age to work in the entertainment industry, work for their parents, deliver newspapers, and babysit or perform minor chores in a private home. In addition, the DoL guidance allows for limited work performed by 12- and 13-year-olds. For example, a child age 12 or 13 may be employed in the agricultural industry outside school hours with written parental consent.⁶

¹ See *Social Security Act* § 205 (c)(2)(A), 42 U.S.C. § 405(c)(2)(A).

² The Numident includes identifying information (such as name, date of birth [DoB], mother's maiden name, etc.) provided by the applicant on his/her *Application for a Social Security Card* (Form SS-5), original SSN and replacement SSN cards.

³ The MEF contains all earnings data reported by employers and self-employed individuals. These data are used to calculate the Social Security benefits due an individual with an earnings record.

⁴ SSA, POMS, RM 03870.065 (October 21, 1994).

⁵ SSA, POMS, ER 00701.040 (April 8, 2010).

⁶ 29 C.F.R. §§ 570.122, 570.2 and 579.3.

Social Security Number Verification Service

In 2005, SSA implemented the Social Security Number Verification Service (SSNVS), a free verification program that allows registered companies (employers and submitters) to verify employees' names and SSNs against SSA's records before they submit W-2s to SSA. Employers who want to verify an employee, must enter the Employer Identification Number, SSN, first name, and last name. The DoB is optional.

SCOPE AND METHODOLOGY

As shown in Table 1, in Tax Years (TY) 2007 to 2010, 37,703 employers reported approximately \$1 billion in wages using the names and SSNs assigned to 36,546 children ages 13 and younger. Specifically, 37,074 employers reported \$1 billion in wages for 36,181 children who were alive when the wages were earned, and 629 employers reported about \$9 million in wages for 365 children who were deceased when the wages were earned.

Table 1: Children with Wages Posted to MEF and ESF for TYs 2007 to 2010

| Status | Number of Children | Number of Employers | Total Wages |
|----------------------|--------------------|-----------------------|------------------------|
| Alive ^(a) | 36,181 | 37,074 ^(b) | \$1,005,745,664 |
| Deceased | 365 | 629 ^(b) | 8,772,446 |
| Total | 36,546 | 37,703 | \$1,014,518,110 |

Note:

(a) The MEF contained about \$918 million in wages related to 34,856 children and the ESF contained approximately \$88 million in wages related to 1,649 children.

(b) There are 252 employers included in both populations.

To accomplish our objective, we examined the AWR and employer verification processes as well as selected cases for review. We reviewed all 365 deceased children's cases to determine whether someone else used their identities for work purposes.⁷ From the population of children who were alive, we selected a sample of 50 who had the highest reported wages in TYs 2007 to 2010 and 50 children who had the highest number of employers.

As shown in Table 2, 146 employers reported that the children with the highest wages earned about \$37 million in wages. For the children with the highest number of employers, 369 employers reported that the children earned about \$10 million in wages. Additionally, we reviewed a sample of 50 employers with the highest reported wages for children, and 50 employers with the highest number of children's SSNs. The 50 employers with the highest wages reported that 4,419 children earned about \$140 million in wages. The 50 employers with

⁷ See Appendix A for further discussion of our scope and methodology.

the highest number of children's SSNs reported that 4,301 children earned about \$118 million in wages.

Table 2: Sample Population

| Sample Population | Total Wages | Total Children | Total Employers |
|-------------------|------------------------------|----------------------------|-----------------|
| Children | | | |
| Highest earnings | \$36,767,204 ^(a) | 50 | 146 |
| Most employers | 10,362,074 ^(b) | 50 | 369 |
| Total | \$47,129,278 | 100(e) | 515 |
| Employers | | | |
| Highest earnings | \$139,593,337 ^(c) | 4,419 | 50 |
| Most children | 118,127,105 ^(d) | 4,301 | 50 |
| Total | \$257,720,442 | 8,720^(f) | 100 |

Notes:

- (a) The \$36,767,204 in wages was posted to the MEF.
- (b) Of the \$10.4 million, about \$10.3 million was posted to the MEF and about \$36,272 was posted to the ESF.
- (c) Of the \$140 million, \$135 million was posted to the MEF and about \$5 million was posted to the ESF.
- (d) Of the \$118 million, about \$116 million was posted to the MEF and about \$3 million was posted to ESF.
- (e) We identified six children's SSNs with \$3.9 million in reported wages included in both populations. Thus, we reviewed 94 unique children's SSNs.
- (f) We identified 23 employers that submitted \$120 million in wages that was included in both sample populations. Therefore, we reviewed 77 unique employers.

RESULTS OF REVIEW

Overall, of the cases we reviewed, the majority of children who were alive appeared to have legitimate work activity whereas the majority of deceased children's identities were misused for work purposes. Our sample of 100 children revealed that 71 were legitimately working and collectively earned about \$30 million in wages in TYs 2007 to 2010. Of the remaining 29 cases, 8 related to SSN misuse, 6 related to edit routine errors, and 15 related to enumeration errors. Of the 100 sampled employers, 66 had legitimately employed children who collectively earned about \$214 million in wages during the 4-year period. The employers were in the entertainment industry. We found that 29 employers reported wages for individuals who were misusing children's identities for work purposes. These employers were in industries that did not typically hire children under age 14, such as accommodation (that is, hotels and motels) and food service.

The five remaining employers reported legitimate work activity for adults but SSA erroneously listed their DoBs on the Numident making them appear to be children.

Of the 365 deceased children's cases, it appeared that 362 involved potential SSN misuse. The children, who ranged in age from 1-day- to 13-years-old when the wages were earned, had about \$9 million in wages reported by employers that did not typically employ children. We found that 64 percent of these employers was in such industries as business, administrative, and support; accommodation and foodservice; and construction. Further, in 59 cases, there were indications that the parents of the deceased children may have misused the child's identity for employment.

In addition, although many of the employers that reported wages involving SSN misuse were registered to use SSNVS, these employers may not have been aware that they had verified SSNs belonging to children under age 14 because the DoB is not mandatory for verification.

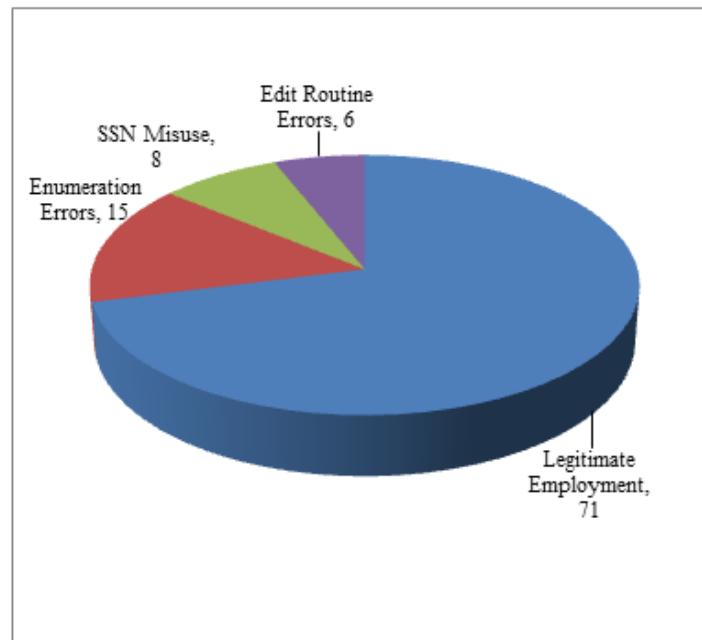
Children Who Were Alive When the Wages Were Earned

Children Sample Cases

Based on our review of 100 children who had the highest wages or highest number of employers, we found the following.

- Seventy-one cases related to children who appeared to have legitimate work activity. These children earned about \$30 million in wages reported by employers that normally hired children. Most of the employers were in the entertainment industry.
- Fifteen cases related to individuals who were adults but whose DoBs were erroneous on the Numident or MEF, making them appear to be children. About \$14 million in wages were reported for these individuals. In 14 of these cases, either SSA staff entered, or the individuals provided, incorrect DoBs when

Figure 1: Children Sample



the individuals requested an original or replacement SSN card.⁸ For a majority of the cases, it appears the year the SSN card was issued was erroneously entered into the enumeration system as the year of birth, which made it appear the adults were children. For example, we found a case where the DoB for an executive with an entertainment-related organization was changed from 1959 to 1996, the year he received an SSN card. He was not a U.S. citizen and had requested an SSN to work in the United States. The erroneous DoB made it appear he was ages 11 through 13 in TYs 2007 to 2009 when he earned about \$3 million in wages. Additionally, we found that he had approximately \$310,000 in wages for TYs 1999 to 2002 posted to the ESF as a YCER item because of the erroneous DoB. The remaining case related to an adult whose DoB was erroneously listed on the MEF as March 2000 making him appear to be a child. His Numident showed his DoB was December 1967. As of June 2013, two individual's Numident records were corrected to reflect the correct year of birth. Therefore, SSA needs to correct the DoBs on the Numident and MEF for the remaining 13 numberholders because it could affect their employment.

- Eight cases appeared suspect because of the children's age when they supposedly worked for employers that did not typically hire children. The children ranged in age from 3-to 10-years-old, and these employers were in the agriculture, construction, accommodation, and food service industries. The employers reported that the children had earned about \$2.7 million in wages during the 4-year period. For example, one child's identity was misused over a 13-year period. The misuse started in 2000 when SSA issued the child an SSN and continued through 2012. During this period, an employer who distributes wholesale meats reported approximately \$1.1 million in earnings for this child's SSN. We contacted the employer who indicated they did not hire children. In reviewing the child's Numident record, we found that the father and child shared the same first and last names, which could indicate the father had misused the child's identity to work. We could not locate an SSN for the father. We referred all eight cases to our Office of Investigations for further review. As of March 2014, the investigators closed three cases and referred two cases to SSA for administrative action. The remaining three cases were pending investigation.
- Six cases related to edit routine errors. As part of the AWR, SSA uses the Single Select edit to resolve unmatched name and SSN data on wage reports.⁹ Single Select creates up to 89 variations of the SSN and matches them against the Numident. In doing so, it assumes the individual's reported last name is correct, but some mistake was made with the SSN.

⁸ SSA requires that applicants for an original SSN or replacement Social Security (SS) card complete a Form SS-5, *Application for a SS Card*.

⁹ The Single Select edit routine is one of the Agency's SSN/name matching routines used to resolve unmatched name and SSN data submitted to SSA in employers' wage reports. The Single Select edit assumes the individual's reported last name is correct, but some mistake has been made with the SSN. Single Select creates up to 89 possible variations of the SSN and matches them against the Numident. If one SSN/name match is found, the earnings are posted to the validated SSN. If no exact match is found on the last name, the Single Select edit is extended further to search for a match on the individual's entire name. If the SSN/name is validated through this new Extended Single Select edit routine, the earnings are posted to that validated SSN. If the extended search fails to validate the name and SSN, the record is marked as invalid and is posted to the ESF.

Because of this routine, SSA erroneously posted about \$715,000 in wages to the earnings records of six children. For example, in one case, a child who was born in 1997 had \$412,000 in wages posted to earnings records for TYs 2007 to 2010. An auto-body shop reported the wages using a different SSN than was assigned to the child. The name and SSN included in the wage item did not match SSA's record; therefore, the Single Select routine was run and determined the wages belonged to the child because the last names matched. However, the first name did not match the child, but both the first and last name matched the father's name on the Numident. Therefore, it appeared the wages belonged to the father. SSA needs to remove the wages from the children's earning records in these six cases because the improper postings could affect the children's future Social Security benefits.

Employer Sample Cases

We reviewed 100 employers who had the highest earnings or highest number of children's SSNs for the 4-year period to determine whether they hired children as part of their normal business and hiring practices. We found that 66 employers reported legitimate work activity for children. All 66 employers were in the entertainment-related industry (that is, talent agency, production, and payroll companies). These employers reported that about 4,000 children earned approximately \$214 million in wages during TYs 2007 to 2010.

Twenty-nine employers reported wages for children that appeared to involve SSN misuse. The \$37.8 million in wages appeared suspect because of the ages of the 977 children who supposedly worked for employers that did not hire children under age 14. The children ranged in age from 4-months- to 13-years-old when they supposedly worked for employers in the accommodation and food service; manufacturing; business, administrative and support; and retail and construction industries. For example, during the 4-year period, an employer that provided professional employer services and temporary staffing for companies reported about \$1.8 million in wages for 236 children who ranged in age from 1- to 13-years-old. We contacted the employer, which indicated that they did not hire children. We referred these cases to our investigators who are investigating them for SSN misuse. As of March 2014, these cases were pending investigation.

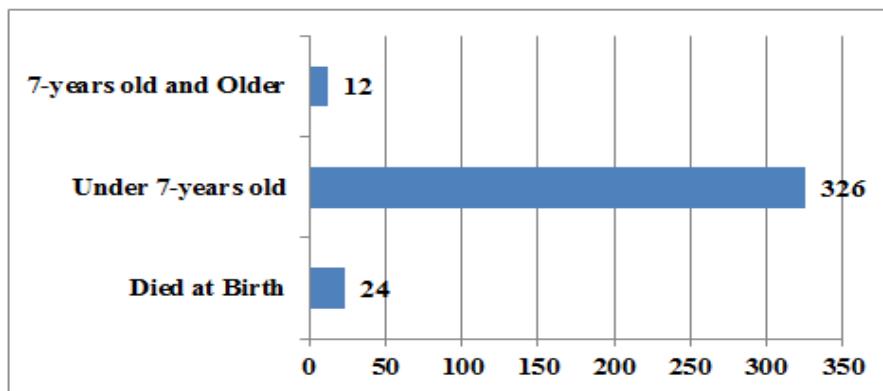
The five remaining employers reported legitimate work activity for adults, but SSA erroneously listed their DoBs on the Numident making them appear to be children. As stated earlier, either SSA staff entered, or the individuals provided the incorrect DoBs when SSA issued the SSN card. The year the SSN card was issued was erroneously listed as the year of birth.

Children Who Were Deceased When the Wages Were Earned

We found that 362 of the 365 deceased children's cases appeared to involve SSN misuse. The 626 employers reported that the children earned about \$9 million in wages for TYs 2007 to 2010. The cases appeared suspect because of the children's ages when the wages were earned, name discrepancies, and the employers' industries. The children ranged in age from 1-day-to 13-years-old when they were supposedly working, see Figure 2. Of the 362 deceased children, 326 were under age 7 when the wages were earned. In fact, 24 of the children had died at birth. For example, a child who died at birth in June 2003 had over \$136,000 in reported wages for

TYs 2007 through 2009. Two companies in the construction and manufacturing industries reported the wages.

Figure 2: Age of Deceased Children



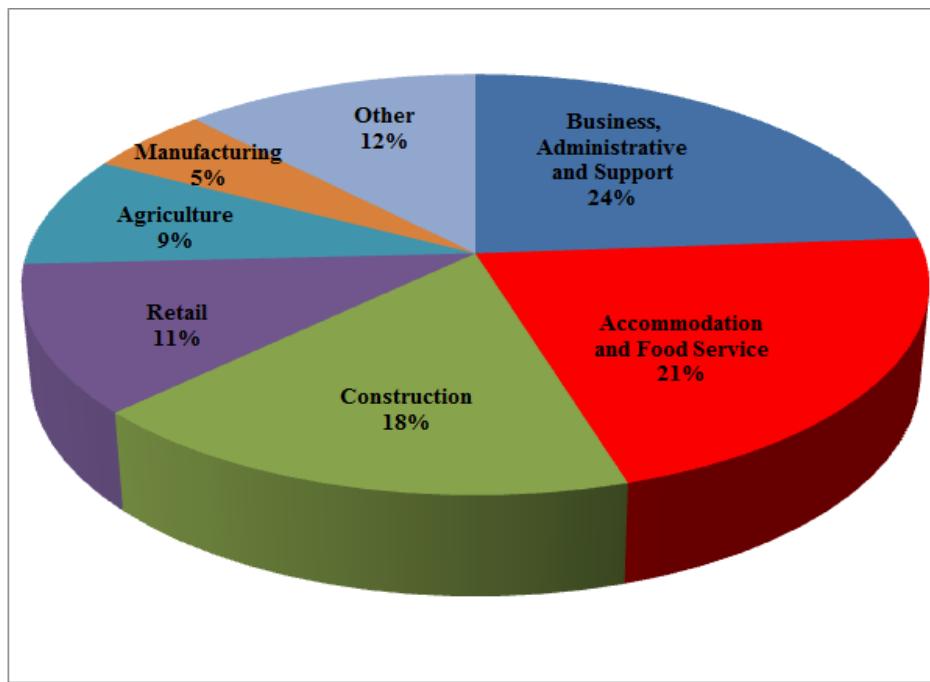
Additionally, in 13 cases, the parents or someone who lived with the children may have used the children's identities for employment. These children were receiving disability benefits before their deaths, and the addresses reported on the W-2s matched the addresses on the children's benefit records. For example, a child who was under 1-year-old when he died in July 2001 had over \$114,000 in wages reported for TYs 2007 through 2009 by a company in the business, administrative, and support industry. Before his death, the child was receiving disability benefits from SSA. Both the name and address on the W-2s matched the address in the child's benefit records. Further, the child and his father shared the same first and last names, and the father was not authorized to work in the United States. Based on these factors, we believe the father, who lived with the child, was misusing his son's identity for work purposes after the child died. However, because of privacy and disclosure limitations we did not share this information with the Department of Homeland Security.¹⁰

Furthermore, in 212 of the 362 cases, the reported names shown on the W-2s did not match SSA's Numident. These name discrepancies further indicate that the children's identities were being misused. Specifically, in 199 cases, the first name did not match the Numident, and in 13 cases, the last name did not match the Numident. In 59 of these cases, it is likely the deceased child's parent used the child's identity for employment. For these cases, we found that the reported names on the W-2s matched the parent's names on the child's Numident. For example, a child who was 2-years-old when he died in January 2000 had over \$119,000 in wages reported for TYs 2007 through 2009 by a construction company. We contacted the employer who indicated they do not hire children. The name on the W-2 did not match the child's but did match the father's name shown on the Numident.

¹⁰ Internal Revenue Code section 6103 (26 U.S.C. § 6103) provides that tax returns and return information are confidential and may not be disclosed by the Internal Revenue Service and others having access to the information, with certain specific exceptions.

The 626 employers that reported the questionable wages for the 362 deceased children were in industries that did not typically employ children under age 14.¹¹ As shown in Figure 3, 64 percent of the employers was in the business, administrative, and support; accommodation (that is hotels and motels) and food service; and construction industries.

Figure 3: Employers that Reported Questionable Wages by Industry



In three cases, the earnings were legitimate and earned by child actors who had died. Three employers reported that the children earned about \$11,000 after their deaths. We believe the employers used the incorrect tax form to report the earnings after death. The employers should have reported the earnings on an Internal Revenue Service Form 1099, *Miscellaneous Income*, instead of a W-2.

Social Security Number Verification Service

SSNVS assists employers in reporting wages accurately by allowing them to verify employees' names and SSNs before they submit wages to SSA. We found 180 employers that reported wages that involved SSN misuse were registered to use SSNVS. Of the 180 employers, 126 used SSNVS in Calendar Year 2010 to verify the names and SSNs of their employees. However, these employers may not have been aware that the names and SSNs they verified belonged to

¹¹ We referred the 362 deceased children cases to our investigators for review, who are investigating all cases that appear to be violations of the *Social Security Act*. As of March 2014, the investigators closed their investigation for 8 of the 362 cases. The remaining 354 cases were pending investigation.

children under age 14 because the DoB was not mandatory for verification. According SSA staff, the DoB was optional because some wage reporters only had W-2 information, which did not contain the DoB. Additionally, making the DoB mandatory could result in decreased use of SSNVS, causing more errors with wage reports.

We agree that making the DoB mandatory for SSNVS may discourage its use; however, SSA should provide a response that alerts employers when they are verifying names and SSNs assigned to children according to Agency records. This could help reduce the number of instances of individuals misusing children's identities for work purposes. In our October 2006 report, *Effectiveness of the Young Children's Earnings Records Reinstatement Process*,¹² we recommended that SSA modify SSNVS to detect SSNs for children under age 7 to provide employers appropriate notice. SSA agreed with our recommendation and stated that it would consider the cost-effectiveness of systematic changes based on other pending stewardship related activities. As of July 2013, the Agency had not implemented our recommendation; therefore, we are recommending again that SSA modify SSNVS to alert employers when they are verifying the name and SSNs of minor children.

CONCLUSIONS

Based on our results, we believe individuals were improperly using children's SSNs for work purposes. Of the 100 children's cases reviewed, we identified 8 cases that appeared to relate to SSN misuse because the age of the child ranged from 3- to 10-years-old when they supposedly worked for employers that did not typically hire children. Of the 100 employer cases, 29 reported wages for 977 children that involved SSN misuse. Furthermore, 362 of the 365 deceased children's cases appeared suspect because of the age of the child when wages were earned, name discrepancies, and/or employer's industries. In a few instances, there was indication that the parents or someone previously living with the deceased children may have misused their identities for employment purposes.

While SSNVS was developed to assist with accurate wage reporting, by allowing employers to verify the name and SSN of employees prior to submitting wages, we found that employers registered to use SSNVS may not have been aware that the names and SSNs verified belonged to children under age 14 because the DoB is not mandatory for verification. Therefore, we believe SSA should provide a response that alerts employers when they are verifying names and SSNs assigned to children. This could help reduce the number of instances of individuals misusing children's identity for work purposes.

¹² SSA OIG, *Effectiveness of the Young Children's Earnings Records Reinstatement Process* (A-03-05-25009), October 2006.

RECOMMENDATIONS

We recommend that SSA:

1. Review the 13 cases related to DoB errors and initiate appropriate actions to correct the DoB.
2. Review the six cases where SSA's edit routines incorrectly reinstated an ESF wage item to a child's record and initiate appropriate actions to remove the wages from the MEF.
3. Add a verification response code to SSNVS to notify employers when a child's SSN has been submitted for verification.

AGENCY COMMENTS

SSA agreed with our recommendations. The Agency's comments are included in Appendix B.

APPENDICES

Appendix A – SCOPE AND METHODOLOGY

To accomplish our objective, we:

- Reviewed the Social Security Administration's (SSA) policies and procedures pertaining to the Annual Wage Reporting process, Scrambled Wages, and Parts of the Basic Numident Query Response.
- Reviewed applicable Federal laws and regulations, including 29 C.F.R. §§ 570.122, 570.2 and 579.3 for Department of Labor guidance for employment of minor children.
- Reviewed SSA's handbooks and guidance on Enumeration Verification System, Business Services Online, Social Security Number Verification Service (SSNVS), and Consent Based Social Security Number Verification (CBSV) program.
- Interviewed Agency staff to discuss the accuracy of dates of birth on the Numident and verification of children with SSNVS and CBSV.
- Obtained Tax Year 2007 through 2010 Master Earnings File (MEF) and Earnings Suspense File (ESF) data related to children age 13 and younger.
 - For children who were alive:
 - The MEF contained about \$918 million in wages related to 34,856 children.
 - The ESF contained approximately \$88 million in wages related to 1,649 children.
 - We reviewed a sample of 100 children who were alive with the highest earnings or highest number of employers and 100 employers who had the highest earnings or the highest number of wage reports for children.
 - For children who were deceased:
 - The ESF contained about \$9 million in wages related to 365 children.
 - The wages were reported by 629 employers.
- Reviewed the Numident, MEF, Application for Social Security Cards, Master Beneficiary Record, Supplemental Security Record, Detailed Earnings Query, Summary Earnings Queries, Earnings Modernization Systems Release 2.8, LexisNexis, Online Retrieval System, and Internet Movie Database.
- Compared the SSNVS registered user list to our employer sample population.

We conducted this audit at the Philadelphia Audit Division, Philadelphia, Pennsylvania, from March through July 2013. We tested the data obtained for our audit and determined they were sufficiently reliable to meet our objective. The entity reviewed was SSA's Office of Earnings,

Enumeration, and Administrative Systems under the Office of the Deputy Commissioner for Systems. We conducted this performance audit 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 the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

Appendix B – AGENCY COMMENTS



Social Security

MEMORANDUM

Date: March 12, 2014

Refer To: S1J-3

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

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

Subject: Office of the Inspector General Draft Report, “Improper Use of Children’s Social Security Numbers” (A-03-12-21269)--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 Gary S. Hatcher at (410) 965-0680.

Attachment

COMMENTS ON THE OFFICE OF THE INSPECTOR GENERAL (OIG) DRAFT REPORT, “IMPROPER USE OF CHILDREN’S SOCIAL SECURITY NUMBERS” (A-03-12-21269)

Recommendation 1

Review the 13 cases related to DoB errors and initiate appropriate actions to correct the DoB.

Response

We agree. We reviewed the 13 cases and completed the appropriate action to correct the date of birth on the record.

Recommendation 2

Review the six cases where SSA’s edit routines incorrectly reinstated an ESF wage item to a child’s record and initiate appropriate actions to remove the wages from the MEF.

Response

We agree. As OIG notes in its report, the Single Select edit routine assumes the name reported on the wage item is correct, and varies the reported Social Security number (SSN) in an attempt to find a name/SSN match. We reviewed the six cases and determined that the Single Select edit routine handled five of the cases correctly as programmed. The remaining case was not attributable to the Single Select edit routine, but to an Internal Revenue Service reinstatement process.

On February 8, 2014, we expanded the Single Select edit routine criteria so that we now match against additional name characters (for example, the first nine, rather than the first seven, characters of the last name). Expanding the matching criteria for the Single Select edit routine will give us greater confidence that the match is correct.

We also took the appropriate action to move the wage items for all six cases from the Master Earnings File to the Earnings Suspense File.

Recommendation 3

Add a verification response code to SSNVS to notify employers when a child’s SSN has been submitted for verification.

Response

We agree. We will evaluate the resources needed to add a response code to the Social Security Number Verification Service (SSNVS) to alert employers when a child’s SSN was submitted. We will consider this recommended enhancement while planning our information technology (IT) development projects for fiscal year (FY) 2015. Accordingly, while this recommendation has merit, we may not have the resources to implement it.

Appendix C – MAJOR CONTRIBUTORS

Cylinda McCloud-Keal, Director, Philadelphia Audit Division

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Luis Ramirez, Audit Data Specialist

William Kearns, IT Specialist

MISSION

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