
**OFFICE OF
THE INSPECTOR GENERAL**

SOCIAL SECURITY ADMINISTRATION

**SELF-EMPLOYMENT INCOME
EARNINGS SUSPENSE FILE**

June 2006

A-03-05-25038

AUDIT REPORT



Mission

We improve SSA programs and operations and protect them against fraud, waste, and abuse by conducting independent and objective audits, evaluations, and investigations. We provide timely, useful, and reliable information and advice to Administration officials, the 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.**
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Vision

By conducting independent and objective audits, investigations, and evaluations, we are agents of positive change striving for continuous improvement in the Social Security Administration's programs, operations, and management and in our own office.



SOCIAL SECURITY

MEMORANDUM

Date: June 27, 2006

Refer To:

To: The Commissioner

From: Inspector General

Subject: Self-Employment Income Earnings Suspense File (A-03-05-25038)

OBJECTIVE

Our objective was to identify patterns of errors and irregularities in the self-employment income (SEI) posted to the Earnings Suspense File (ESF).

BACKGROUND

Earnings are reported to the Social Security Administration (SSA) in two forms—wages from employers or SEI from the Internal Revenue Service (IRS). Wages are reported on a *Wage and Tax Statement* (Form W-2). SEI is reported by individuals on their *U.S. Individual Income Tax Return* (Form 1040) and an attached Schedule SE (*Self-Employment Tax*). Approximately 5 percent of all earnings reported to SSA relate to SEI.

Section 1401 of the Internal Revenue Code requires the IRS to impose the Self-Employment Contributions Act (SECA) tax on self-employment income. The SECA tax is equivalent to the Federal Insurance Contributions Act (FICA) tax paid by both employers and employees. Like FICA, SECA includes contributions for both the Social Security and Medicare programs. SSA is required to maintain an accurate record of earnings information received from IRS and administer benefit programs based on this information.¹

The IRS electronically transmits the SEI and related adjustments to SSA on a weekly basis. Once received, the data is matched with SSA's Numident File—the repository for all issued Social Security numbers (SSN)—to verify each individual's name and SSN and post the earnings to the individual's Master Earnings File (MEF)² record. Income

¹ Social Security Act § 205(c)(2)(A), 42 U.S.C. § 405(c)(2)(A) (2005).

² The MEF contains all earnings data reported by self-employed individuals and employers. These data are used to calculate the Social Security benefits due an individual with an earnings record.

items with an invalid name and/or SSN combination, as well as other questionable items, are not posted to an individual's MEF but instead recorded in the ESF.³

INDIVIDUAL TAXPAYER IDENTIFICATION NUMBERS

The Individual Taxpayer Identification Number (ITIN) is a 9-digit Federal tax processing number issued by the IRS. While an ITIN may look similar to a SSN, the first digit in an ITIN is the number 9 and the fourth digit is the number 7 or 8. SSA does not issue SSNs in the "900" series. The IRS issues ITINs to foreign nationals and other individuals who have Federal tax reporting or filing requirements, but who do not have, and are not eligible to obtain, an SSN from SSA. An ITIN is not valid identification outside the tax system. The IRS has issued more than 7 million ITINs since 1996, the year the Agency began issuing these numbers.

RESULTS OF REVIEW

Our review of the SEI ESF for Tax Years (TY) 1951 through 2002 determined that approximately \$11 billion in earnings and 2.1 million earnings items have accumulated over this period. Reported earnings are posted to the SEI ESF for a number of reasons, including (1) name/SSN mismatch, (2) death of an earner, (3) young child's earnings, and (4) disclaimed earnings. Furthermore, in recent years many of these suspended earnings are reported with SSNs having characteristics similar to IRS' ITINs. We verified a sample of these SSNs with ITIN characteristics against IRS data. Based on results from this verification, we estimate that the SEI ESF for TYs 1951 through 2002 contains about 241,600 earnings items reported with SSNs that are in fact valid ITINs issued by the IRS to the individual tax filers. In addition, the majority of these earners had work histories that would qualify them for work credit within SSA's systems if they obtained a valid SSN and met other SSA requirements for coverage. It is possible that some of these individuals possess a valid SSN and failed to notify SSA that they worked under an ITIN. If this is the case, these individuals (1) will lack work credits related to their earnings and/or (2) may receive incorrect SSA benefit amounts. Improved correspondence with the earner and greater access to the IRS' ITIN data could assist SSA in resolving some of these suspended earnings items.

SIZE AND COMPOSITION OF THE ESF

As of October 2004, the SEI ESF had accumulated about \$11 billion in earnings and approximately 2.1 million earnings items for TYs 1951 through 2002 that could not be posted to individuals' earnings records. On average, less than 1 percent of reported SEI was posted to the SEI ESF annually. Approximately 814,000 earnings items in this file, or about 39 percent of the file, represent accumulation over TYs 1991 through 2002 (see Table 1).

³ Our report focuses on SEI reported by individuals and not wages. SSA maintains a separate ESF file for suspended wages (see Appendix C).

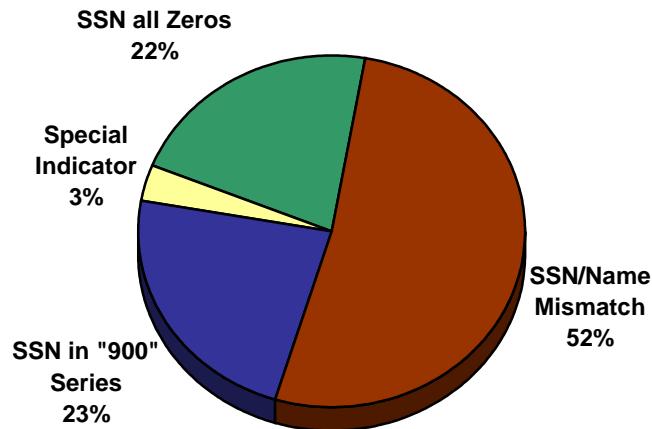
Table 1: SEI ESF Income and Items (TYs 1951-2002)

Tax Years	Total Suspended Income	Total Suspended Income Items
1951 – 1960	\$440,007,042	234,035
1961 – 1970	623,653,742	243,854
1971 – 1980	1,502,011,999	358,610
1981 – 1990	2,483,128,083	421,651
1991 – 2000	4,089,601,673	588,606
2001 – 2002	1,849,404,364	225,706
Total	\$10,987,806,903	2,072,462

Contents of the Earnings Suspense File

Reported earnings are posted to the SEI ESF for a number of reasons, including (1) name/SSN mismatch, (2) death of an earner, (3) young child's earnings, and (4) disclaimed earnings. We reviewed the SEI ESF items in the TY 1951-2002 file and determined that approximately 97 percent of the items in the ESF relates to invalid name/SSN combinations. The remaining 3 percent relate to valid name/SSN combinations but the earnings were in question. In Figure 1, we provide a breakout of the contents of the income items in the ESF for TYs 1951 through 2002.

Figure 1: Contents of the Self-Employment Income Earnings Suspense File (TYs 1951-2002)



The name/SSN mismatches represent about 97 percent of the file and relate to (1) items with SSNs consisting of all zeros (22 percent);⁴ (2) items reported with SSNs in the "900" series (23 percent);⁵ and (3) other name/SSN mismatches (52 percent).

⁴ The IRS reported the item with an SSN consisting of all zeros.

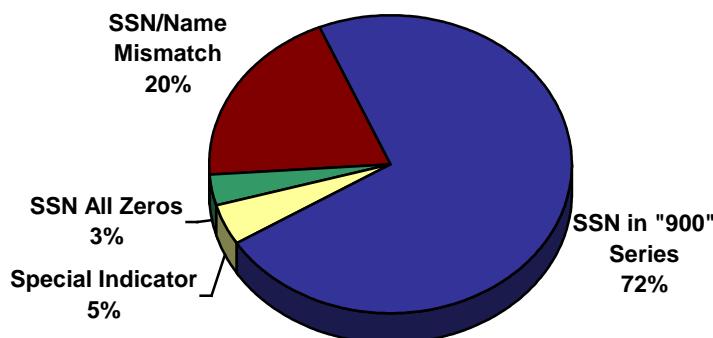
⁵ SSA does not issue SSNs in the "900" series.

Valid names/SSNs represent 3 percent of the file and relate to items with special indicators: Earnings after Death, Self-Employment Earnings Discrepancies, and Young Children's Earnings Record.⁶

Tax Year 2002 Trends

We also reviewed the TY 2002 SEI ESF to understand more recent trends. When we compare the TY 2002 ESF trends with the overall trends in the TYs 1951–2002 ESF, we found the “900” series SSNs represent a much larger portion of the problem—72 percent of the suspended items (see Figure 2). This discrepancy may relate to individuals using IRS-issued ITINs rather than SSNs to report earnings. We found that 98 percent of the “900” series SSNs in our TY 2002 SEI ESF file were consistent with the IRS’ ITIN numbering criteria, which represents 71 percent of all the SSNs in the TY 2002 SEI ESF.⁷ Moreover, we found that about 91 percent of the “900” series numbers that resemble ITINs were posted to the SEI ESF after 1995. The IRS began issuing ITINs in July 1996.

Figure 2: Contents of the Self-Employment Income Earnings Suspense File (TY 2002)



INDIVIDUAL TAXPAYER IDENTIFICATION NUMBERS

Our analysis has determined that the approximately 77 percent of all reported SSNs with ITIN characteristics represent IRS-issued ITINs. We reviewed the earnings trends related to these reported SSNs with ITIN characteristics and found work histories ranged from 1 to 10 years. Furthermore, the vast majority of these earnings would

⁶ See Appendix E for more information on the special indicators.

⁷ The ITIN number always begins with a “9” and has a “7” or an “8” as the fourth digit (example: 9XX-7X-XXXX).

qualify for a minimum of one quarter of coverage if the individual was issued a valid SSN. It is possible that some of these individuals possess a valid SSN and failed to notify SSA that they worked under an ITIN. If this is the case, these individuals (1) will lack work credits related to their earnings and/or (2) may receive incorrect SSA benefit amounts. Improved correspondence with the earner and greater access to ITIN data could assist SSA in resolving some of these suspended earnings items.

Unresolved Earnings Items

We verified 275 reported SSNs with ITIN characteristics against the IRS' list of issued ITINs.⁸ The 275 sample items were pulled from a population of 311,874 SEI ESF items for TYs 1951 through 2002 that were reported with SSNs that met the IRS' numbering criteria for an ITIN. We found that 213 of the 275 reported SSNs (about 77 percent) were in fact valid⁹ ITINs issued by the IRS. Based on these results, we estimate that the SEI ESF contains about 241,600 items that are reported under ITINs (see Appendix D).¹⁰ This represents approximately 12 percent of all suspended items in the SEI ESF from TYs 1951 to 2002.

Our verification demonstrates that the issuance of ITINs has led to an increase in the size of the SEI ESF. In December 2003, the IRS instituted tighter controls over the issuance of ITINs. According to the Commissioner of IRS,¹¹ an applicant is now required to file the *Application for an IRS Individual Taxpayer Identification Number* (Form W-7)¹² with a completed tax return for which the ITIN is necessary. The Commissioner noted that associating the issuance of the ITIN with the filing of a tax return ensures that the number is properly used for tax administration. Furthermore, the IRS has decreased the number of acceptable types of documents used to establish identity and foreign status when an individual applies for an ITIN. Finally, in response

⁸ These potential ITINs were verified at the aggregate level without identifying any specific taxpayers by the Treasury Inspector General for Tax Administration (TIGTA).

⁹ We provided TIGTA the name and reported SSN for the 275 sample items that met the IRS' numbering criteria for an ITIN. TIGTA determined the ITIN to be valid based on the match of the name and "reported SSN" to the IRS' ITIN records.

¹⁰ We were not able to specifically determine which SSNs were ITINs since Section 6103 of the Internal Revenue Code (26 U.S.C. § 6103) limits the amount of taxpayer information that can be disclosed.

¹¹ *Individual Taxpayer Identification Numbers and Social Security Number Matching*, Prepared Testimony of Mark E. Evers, Commissioner of Internal Revenue, before the House Ways and Means Subcommittee on Oversight and Subcommittee on Social Security, March 10, 2004.

¹² See Appendix F for a copy of the Form W-7.

to the confusion between ITIN cards and Social Security cards, the IRS no longer issues an ITIN card but rather sends a letter to taxpayers providing them with their number.¹³

Noncitizens may be using the ITIN to report SEI on their tax forms because the IRS allows them to do so. In our review of IRS tax guidance¹⁴ we found that the IRS instructs noncitizens to use either an SSN or an ITIN when paying self-employment taxes. While the publication also warns the reader that the ITIN does not entitle the number holder to Social Security benefits, the instructions do not clearly explain that any earnings reported under an ITIN cannot be credited to the individual's earnings record with the SSA—that is, the earnings will be suspended when reported to SSA—until the individual obtains a valid SSN and can prove ownership of the earnings. As a result, while one Federal agency, the IRS, is instructing the taxpayer to use the ITIN, another Federal agency, SSA, will eventually send this same taxpayer a notice¹⁵ informing the individual that his earnings cannot be properly posted. This difference in policy is likely to cause confusion among taxpayers.

Earnings Trends Among Potential ITINs

We reviewed the earnings trends related to these 275 reported SSNs with ITIN characteristics and found that approximately 61 percent of the SSNs and about 91 percent of the associated earnings related to a work history of 2 or more years (see Table 2). Work histories under these potential ITINs ranged from 1 to 10 years. For example, one individual with a potential ITIN reported about \$176,300 of SEI over a 6-year period from 1997 to 2002, or an average of \$29,400 annually.

¹³ These IRS changes may impact the number of ITINs going into the SEI ESF in the future. However, we could not make that determination in our audit since we reviewed the suspended earnings through TY 2002.

¹⁴ See IRS Publication 334, *Tax Guide for Small Business* (2005) and "How to Pay Self-Employment Tax" on the IRS website at www.irs.gov/businesses/small/ (February 2006).

¹⁵ We discuss this issue later in the report.

Table 2: Earnings Trends Among 275 Potential ITINs

Number of Years with Earnings	Potential ITINs	Percent of 275 Potential ITINs	Earnings Associated with Potential ITINs	Average Annual Earnings Per Potential ITIN²
0¹	2	1 %	\$0	\$0
1	104	38 %	\$556,600	\$5,352
2	57	21 %	\$835,443	\$7,328
3	49	18 %	\$1,314,111	\$8,940
4	24	9 %	\$559,026	\$5,823
5	19	7 %	\$946,823	\$9,967
6	13	5 %	\$758,482	\$9,724
7	6	2 %	\$634,245	\$15,101
10	1	0 %	\$297,347	\$29,735
Totals	275	100 %³	\$5,902,077	\$21,462 (avg.)

Note 1: In some cases the reported earnings were later reversed. Therefore, we are not showing any earnings history.

Note 2: Average annual earnings were based on total earnings divided by both (1) the number of individuals with earnings and (2) the number of years with reported earnings.

Note 3: Numbers do not add due to rounding.

We also determined that 262 of the 275 potential ITINs (95 percent)¹⁶ were associated with owners who would qualify for a minimum of one quarter of coverage.¹⁷ Using these results, we believe that the SEI ESF potentially contains earnings credits related to approximately 230,100 individuals who have worked and may still be working under a valid ITIN.¹⁸ If these individuals also possess a valid SSN and fail to notify SSA that they worked under an ITIN, then the Agency cannot properly post these earnings¹⁹ and the individuals:

- will not obtain work credits for their earnings, which may impact future benefits; and

¹⁶ Thirteen of the potential ITINs did not qualify for a quarter of coverage because earnings related to two of the potential ITINs were later reversed and earnings related to the other eleven cases did not have sufficient earnings to qualify for one quarter of coverage.

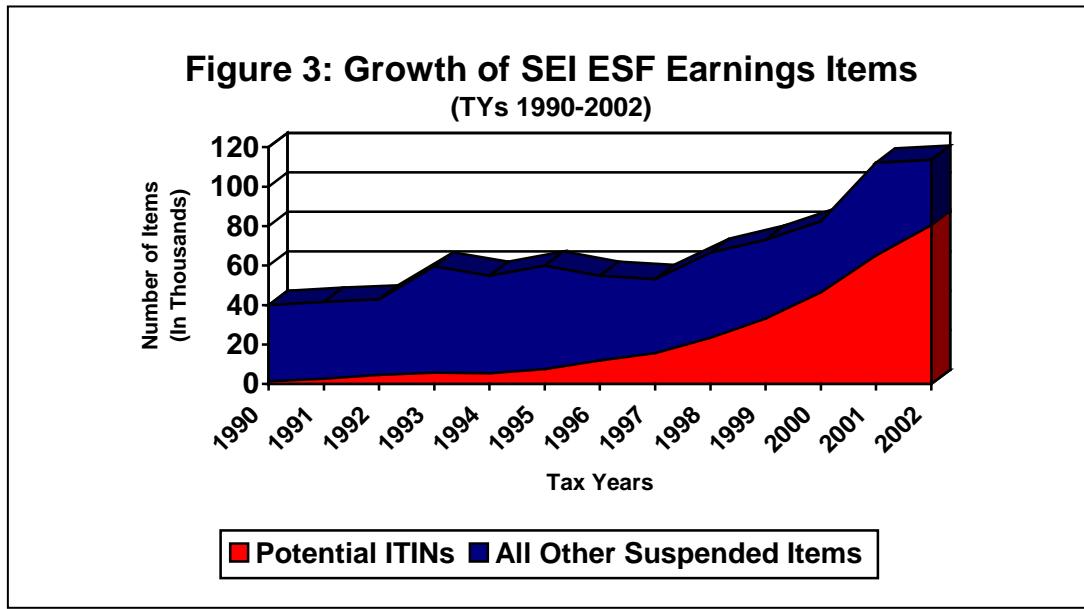
¹⁷ SSA provides Old-Age, Survivors and Disability Insurance (OASDI) benefits to individuals based on their lifetime earnings reported under a valid SSN. These earnings determine whether an individual has enough quarters of coverage, or work credits, for insured status. Social Security work credits are based on an individual's total annual wages or self-employment income. An individual can earn up to four credits each year. The amount needed for a credit changes from year to year. In 2002, for example, an individual earned one credit for each \$870 of wages or self-employment income. When an individual earned \$3,480, he or she had earned four credits for the year.

¹⁸ While we estimate that 297,100 of the 311,874 potential ITINs had at least one quarter of coverage, approximately 230,100 valid ITINs have at least one quarter of coverage (see Appendix D).

¹⁹ We did find instances where it appears that individuals who worked under ITINs later obtained valid SSNs and requested that SSA post their suspended earnings to their earnings record (see Appendix G).

- may not be receiving the right benefit amount since missing earnings may increase or decrease those benefits.²⁰

As shown in Figure 3, our review of the approximately 311,900 potential ITINs in the SEI ESF indicates that these numbers have been an increasing portion of the suspended items from the mid-1990s forward.



Improved Correspondence

SSA communicates with earners when their SEI is posted to the ESF. For example, the Agency sends Decentralized Correspondence (DECOR) to each earner explaining how their earnings cannot be resolved until a valid name and/or SSN is provided (see Appendix E where we discuss the DECOR process). However, this notice does not specifically mention that ITINs can be confused with SSNs (see Appendix H for a copy of a DECOR notice), even though our audit shows that the majority of TY 2002 suspended SEI may, in fact, relate to ITINs.²¹ Additional language in the SEI DECOR notice could make it clear to earners that the ITIN is not to be used for employment and reported earnings cannot be used towards future benefits unless they are reported under a valid SSN.

²⁰ Under OASDI, the missing earnings could potentially increase the size of the benefit payment since earnings are used to calculate work credits. Under the Supplemental Security Income program, the missing earnings could potentially decrease the size of the payment since benefit amounts are reduced for earnings.

²¹ We have already noted that 71 percent of all TY 2002 suspended items were reported under a potential ITIN, and we have further confirmed that approximately 77 percent of these potential ITINs are in fact ITINs.

Greater Data Sharing

Learning more about the owner of the ITIN could assist SSA in developing more efficient matching routines on reported earnings data and ensure the timely posting of earnings to an individual's account.²² For example, if SSA received the individual's information from the IRS Form W-7²³ the Agency could use this data to determine if an SSN was also issued to someone with that same name, date of birth, and place of birth.²⁴

Furthermore, we believe the sharing of such ITIN information between SSA and IRS is consistent with each Agency's mission since it will clarify efforts needed to ensure tax laws are applied with "integrity and fairness to all" (per the Internal Revenue Service's mission statement)²⁵ and that tax filers' Social Security benefits are based on accurate information (per the Social Security Act).²⁶ We also believe such sharing is consistent with the agreement between SSA and the IRS, which calls for both agencies to "devise ways each agency can help the other with name and SSN matching problems."²⁷

CONCLUSION AND RECOMMENDATIONS

While SSA appears to be able to identify the owners for the vast majority of reported SEI, suspended earnings cannot be resolved when individuals use ITINs to report their earnings. Our audit shows that the use of ITINs to report earnings has grown in recent years and SSA cannot determine if the ITIN owner also possesses a valid SSN. This situation could increase the risk of individuals (1) not obtaining work credits for their earnings and/or (2) not receiving the correct benefit amount.

We recommend SSA consider additional steps, which could potentially identify the owners of suspended earnings, including:

1. Work with the IRS to resolve the inconsistent instructions provided to noncitizens relative to the appropriate tax identification number to be used for reporting SECA and Medicare taxes.

²² This information could assist with both the SEI ESF and the wages ESF (see Appendix C). Our review of the TY 2002 suspended items in the wages ESF found approximately 103,000 potential ITINs.

²³ The IRS Form W-7 requires the applicant to provide his or her full name, mailing address, date of birth, country of birth, and country of citizenship. See Appendix F for a copy of the Form W-7.

²⁴ SSA could also request that applicants for a Social Security card inform the Agency if they have been issued an ITIN. The current *Application for a Social Security Card* (Form SS-5) only asks if the applicant had ever been issued another SSN. SSA could then use this ITIN information as another indicator in its system to identify earnings that can be posted to an individual's record.

²⁵ *IRS Annual Performance Plan FY 2004*, p. 4 (February 2003).

²⁶ Social Security Act § 205(c)(2)(A), 42 U.S.C. § 405(c)(2)(A) (2005).

²⁷ *Agreement Between SSA and The IRS*, p. 15 (August 1998).

2. Update the language in the SEI DECOR notice to make it clear to individuals that earnings reported under an ITIN cannot be used for future SSA benefits until the individual obtains a valid SSN.
3. Discuss with the IRS the possibility of obtaining ITIN data in accordance with the SSA/IRS agreement. The ITIN information could be reviewed to determine whether the addition of this new information to SSA's records results in (i) a reduction in the size of the SEI ESF and/or (ii) adjustments to SSA benefits.

AGENCY COMMENTS

SSA agreed with recommendation 1, deferred action on recommendation 2 due to pending immigration reform legislation, and disagreed with recommendation 3. In reference to recommendation 3, SSA did not believe they would benefit from obtaining ITIN data from the IRS. SSA stated that if an individual does not have an SSN, such ITIN information would be rendered useless because it would be impossible to remove the individual's self-employment income (or wages) from the ESF since, without an SSN, there would be no valid record to which the earnings could be credited. Further, SSA stated that alternatively, individuals previously assigned an ITIN who subsequently become eligible for and obtain an SSN will learn from their annual Social Security Statement that earnings are not posted to their records and the potential effects on benefits of failing to properly report or to correct earnings. In addition, the Social Security Statement currently provides instructions on how to resolve such earnings discrepancies. The full text of SSA's comments is included in Appendix J.

OIG RESPONSE

We appreciate the Agency's response to our recommendations as well as the assistance of SSA staff throughout this review. We disagree, however, with SSA's point that SSA would not benefit from obtaining ITIN data from the IRS. We believe that having additional information (i.e., date of birth, place of birth, etc.) related to individuals who report earnings under ITINs could be useful to SSA in identifying the potential owners of these earnings by comparing this information to the Numident and later determining adjustments to earnings records and/or benefit payments. Further, we believe it is possible that an individual can have a valid SSN but consistently report earnings to the IRS under an ITIN, and, therefore, not receive a Social Security

Statement since the IRS would not have an address for the issued SSN.²⁸ Finally, we also believe that SSA could use the additional ITIN information provided by the IRS to monitor the role of ITINs on the SEI ESF over time.

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

Patrick P. O'Carroll, Jr.

²⁸ SSA obtains the addresses for the Social Security Statements from the IRS.

Appendices

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[APPENDIX B](#) – Scope and Methodology

[APPENDIX C](#) – Two Earnings Suspense Files

[APPENDIX D](#) – Sample Methodology

[APPENDIX E](#) – Self-Employment Income Earnings Suspense File Reinstatements

[APPENDIX F](#) – Application for IRS Individual Taxpayer Identification Number

[APPENDIX G](#) – Reinstated Earnings Items with Potential Individual Taxpayer Identification Numbers

[APPENDIX H](#) – Decentralized Correspondence for Self-Employed Individuals

[APPENDIX I](#) – Prior Office of the Inspector General Reports

[APPENDIX J](#) – Agency Comments and OIG Response

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

Appendix A

Acronyms

DECOR	Decentralized Correspondence
DoB	Date of Birth
EAD	Earnings After Death
ESF	Earnings Suspense File
FICA	Federal Insurance Contributions Act
IRS	Internal Revenue Service
ITIN	Individual Taxpayer Identification Number
MEF	Master Earnings File
OASDI	Old-Age, Survivors and Disability Insurance
OIG	Office of the Inspector General
SECA	Self-Employment Contributions Act
SEI	Self-Employment Income
SSA	Social Security Administration
SSN	Social Security Number
TIGTA	Treasury Inspector General for Tax Administration
TY	Tax Year
YCER	Young Children's Earnings Record

Forms

Form 1040	<i>Individual Income Tax Return</i>
Form W-2	<i>Wage and Tax Statement</i>
Form W-7	<i>Application for IRS Individual Taxpayer Identification Number</i>

Scope and Methodology

To accomplish our objective, we:

- Reviewed polices and procedures regarding self-employment income (SEI) and the Earnings Suspense File (ESF).
- Reviewed prior audit reports on the ESF and the accuracy of earnings posted.
- Reviewed earlier management reports, reviews, and/or testimony completed on the Individual Taxpayer Identification Number (ITIN).
- Met with Social Security Administration (SSA) staff to gain an understanding of SSA's SEI ESF records maintenance process.
- Obtained from SSA the ESF for SEI suspended earnings and earnings items as of October 2004. We analyzed this file to determine patterns in the file. We also extracted, summarized, and tested earnings reported under a potential ITIN.
- Obtained from SSA the SEI Reinstatements File for reinstated earnings items as of October 2004. We analyzed this information to determine the number of items reinstated from the SEI ESF to the Master Earnings File and the reason for the reinstatements.
- Met with staff from the Treasury Inspector General for Tax Administration (TIGTA) to gain an understanding of the Internal Revenue Services' (IRS) processes for verification of tax filers' name and reported SSN, and to gain an understanding of IRS' ITIN policy.
- Provided the Office of Audit at TIGTA with the name and reported SSN for 275 randomly selected SEI ESF earnings items from the population of items reported with SSNs that met the IRS' numbering criteria for an ITIN. These 275 SSNs were reported to SSA between TYs 1951 and 2002. TIGTA verified whether the name and associated identification number on each record matched a name and associated ITIN within their system (see Appendix D for our projection results).

Our audit did not include an evaluation of SSA's internal controls over the SEI reporting process. The purpose of our review was to review trends related to earnings that had accumulated within the SEI ESF. We did not focus our efforts on the collection of earnings data, nor did we attempt to establish the reliability or accuracy of such data. In prior audits, we reviewed the completeness and accuracy of the ESF postings, and tested the accuracy of ESF data reinstated to earnings records.

The entity responsible for the maintenance of the ESF is the Office of Earnings, Enumeration and Administrative Systems under the Deputy Commissioner for Systems. Our work was conducted at the Philadelphia Audit Division, Philadelphia, Pennsylvania between January 2005 and January 2006. We conducted our audit in accordance with generally accepted government auditing standards.

Two Earnings Suspense Files

Title II of the Social Security Act requires that the Social Security Administration (SSA) maintain the reported earnings records of individuals.¹ SSA uses these reported earnings to determine whether an individual is entitled to receive retirement, survivors, disability and health insurance benefits and to calculate benefits. SSA validates the names and Social Security numbers (SSN) on reported earnings against information in its records. Earnings containing names and/or SSNs that do not match SSA's records cannot be posted to an individual's earnings record in SSA's Master Earnings File (MEF).² Instead, these earnings are placed in SSA's Earnings Suspense File (ESF)—a repository for unmatched wages.

SSA maintains two ESFs—one for wages reported by employers and one for earnings from self-employed individuals reported by the Internal Revenue Service. As of October 2004, the wages ESF had accumulated about \$463 billion in wages and approximately 246 million wage items for Tax Years (TY) 1937 through 2002 that could not be posted to individuals' earnings records. In October 2004, the self-employment income (SEI) ESF had accumulated about \$11 billion in earnings and approximately 2.1 million earnings items for TYs 1951 through 2002 that could not be posted to individuals' earnings records.

During TY 2002, about \$57 billion in earnings were posted to both ESFs:

- 98 percent of the earnings, or \$56.1 billion, related to suspended wages; and
- 2 percent of the earnings, or \$881 million, related to suspended SEI.

¹ Social Security Act § 205(c)(2)(A), 42 U.S.C. § 405(c)(2)(A) (2005).

² The MEF contains all earnings data reported by employers and self-employed individuals. The data is used to calculate the Social Security benefits due an individual with an earnings record.

Sample Methodology

We verified 275 reported Social Security numbers (SSN) with Individual Taxpayer Identification Number (ITIN)¹ characteristics within the self-employment income (SEI) Earnings Suspense File (ESF) for tax years (TY) 1951 through 2002² against the Internal Revenue Service's (IRS) list of issued ITINs.³ We found that 213 of the 275 reported SSNs (77 percent), reported to SSA between TYs 1951 and 2002, were in fact valid ITINs issued by the IRS. Based on these results, we project that the SEI ESF contains about 241,600 items that are reported under ITINs.⁴ We also determined that individuals associated with 262 of the 275 potential ITINs (95 percent)⁵ could potentially qualify for a minimum of one quarter of coverage⁶ if the individual obtained a valid SSN and met other SSA requirements for coverage. Using these results, we believe that the SEI ESF potentially contains earnings credits related to about 230,100 individuals who have worked and may be currently working under ITINs.

Sample Results and Projections	
Population size	311,874
Sample size	275
Attribute Projection 1	
Sample cases – number of suspended earnings reported under an ITIN	213
Projection – number of suspended earnings reported under an ITIN in our population	241,561
Projection lower limit	227,411
Projection upper limit	254,313

¹ The ITIN is a 9-digit Federal tax processing number issued by the Internal Revenue Service.

² The 275 sample items were pulled from a population of 311,874 SEI ESF items for TYs 1951 through 2002 that were reported with SSNs that met the IRS' numbering criteria for an ITIN.

³ These potential ITINs were verified by the Treasury Inspector General for Tax Administration.

⁴ We were not able to specifically determine which SSNs were ITINs since Section 6103 of the Internal Revenue Code (26 U.S.C. § 6103) limits the amount of taxpayer information that can be disclosed.

⁵ Thirteen of the potential ITINs did not qualify for a quarter of coverage because earnings related to 2 of the potential ITINs were later reversed and earnings related to the other 11 cases did not have sufficient earnings to qualify for one quarter of coverage.

⁶ Social Security work credits are based on an individual's total annual wages or self-employment income. An individual can earn up to four credits each year. The amount needed for a credit changes from year to year. In 2002, for example, an individual earned one credit for each \$870 of wages or self-employment income. When an individual earns \$3,480, he or she has earned four credits for the year.

Attribute Projection 2	
Sample cases – number of suspended earnings reported under a potential ITIN with at least one quarter of coverage	262
Projection – number of suspended earnings reported under a potential ITIN with at least one quarter of coverage in our population	297,131
Projection lower limit	288,765
Projection upper limit	303,082
Estimate – number of suspended earnings reported under a valid IRS ITIN with at least one quarter of coverage in our population [297,131 x (213/275)]	230,141

We made all projections at the 90-percent confidence level.

Self-Employment Income Earnings Suspense File Reinstatements

As of October 2004, the self-employment income (SEI) Reinstatement File contained approximately 5.4 million earnings items for Tax Years (TY) 1951 to 2002. For TY 2002, we found that the Social Security Administration (SSA) reinstated 34,961 earnings items from the Earnings Suspense File (ESF) to individuals' Master Earnings File (MEF).¹ SSA uses a variety of matching routines and other processes to correct and post many of the earnings items with name and/or Social Security number (SSN) mismatches or other problems, both before and after items are posted to the ESF.

As shown in the table, these 34,961 earnings items were reinstated using more than 7 routines and processes. We found that the matching routine called "Prior Reinstatements" resolved the majority of the earnings items – 10,758 items representing about 31 percent of the total reinstated earnings items for TY 2002.

SSA SEI Reinstatements for Tax Year 2002

Reinstatement Process	Income Items	Percentage
Prior Reinstatements	10,758	31.0%
Decentralized Correspondence	8,753	25.0%
Online Item Correction	2,917	8.3%
SWEEP	748	2.1%
Young Children's Earnings Record	166	.5%
Earnings After Death	33	.1%
Other	11,586	33.1%
Total Reinstated SEI Items	34,961	100%

Note: Total percent may not equal 100 percent due to rounding.

SSA has taken steps over the past years to reduce the size and growth of the ESF. Below we discuss some of the various matching routines and correspondences that SSA uses to reduce the size and growth of the ESF.

Matching Routines

- **SWEEP:** SWEEP is an electronic operation that periodically uses SSA's latest system enhancements and validation rules, including the more than 20 routine edits used on incoming earnings, to remove items from the ESF and reinstate them to the earners' MEF records.

¹ The MEF contains all earnings data reported by self-employed individuals and employers. These data are used to calculate the Social Security benefits due an individual with an earnings record.

- **Item Correction:** This process allows SSA staff to correct the earnings record of an individual through a system called Earnings Modernization 2.8 (EM 2.8). The EM 2.8 system is a computerized process for adjusting an individual's earnings record thereby helping SSA establish and maintain an accurate and complete MEF. This system allows SSA employees to add, change, move, or delete an individual's earnings overnight via on-line interactive screens. This is a paperless system—with proofs and rationale recorded electronically after an initial inspection by an SSA employee(s).
- **Future Edits:** The Office of Quality Performance plans to modify matching routines developed for the wages ESF so they are applicable to the SEI ESF. However, since the SEI ESF contains a significant number of items reported under suspected ITINs, the new routines' effectiveness will be reduced.

Correspondence to Self-Employed Individuals

SSA mails out thousands of letters to self-employed individuals each year to resolve earnings discrepancies. The three main letters sent are (1) Decentralized Correspondence (DECOR), (2) Earnings After Death (EAD), and (3) Young Children's Earnings Record (YCER).

- **DECOR:** When SEI earnings reach the ESF, SSA's system generates notices to self-employed individuals. The main purpose of DECOR notices is to query the individual to resolve SSN and/or name discrepancies. SSA reviews the returned DECOR notices, validates the information provided, and if appropriate, removes the earnings from the ESF for posting to the individual's MEF record (see Appendix H for a copy of the notice).²
- **EAD:** SSA also has processes in place to detect unusual earnings reports—such as instances where earnings relate to someone recorded as deceased on SSA's records. Under the EAD process, when a date of death is present on the Numident, all earning items reported for TYs after the year of death are placed in the ESF. The earnings are also transmitted to an EAD investigate file so that notices can be printed and mailed to earners. Responses are returned to SSA for processing. Field office staff may interview an individual to verify his or her information.
- **YCER:** Another unusual earnings pattern monitored by SSA relates to young earners. Under the YCER process, SSA checks the Date of Birth (DoB) for the SSN on each earnings report. If a DoB indicates that the numberholder of the SSN is a child under the age of 7, the earnings will be recorded in the ESF. A YCER investigate file is generated to determine whether the earnings belong to the reported SSN.

² SSA Office of the Inspector General, *Effectiveness of the Social Security Administration's Decentralized Correspondence Process* (A-03-01-11034), July 2002.

Appendix F

Application for IRS Individual Taxpayer Identification Number

<p>W-7 Form (Rev. January 2006) Department of the Treasury Internal Revenue Service</p>	<p>Application for IRS Individual Taxpayer Identification Number</p> <p style="text-align: center;">► See instructions. ► For use by individuals who are not U.S. citizens or permanent residents.</p>	OMB No. 1545-0074																																																																				
<p>An IRS Individual taxpayer identification number (ITIN) is for federal tax purposes only.</p> <p>Before you begin:</p> <ul style="list-style-type: none"> • Do not submit this form if you have, or are eligible to obtain, a U.S. social security number (SSN). • Getting an ITIN does not change your immigration status or your right to work in the United States and does not make you eligible for the earned income credit. <p>Reason you are submitting Form W-7. Read the instructions for the box you check. Caution: If you check box b, c, d, e, or g, you must file a tax return with Form W-7 unless you meet one of the exceptions (see instructions).</p> <p>a <input type="checkbox"/> Nonresident alien required to obtain ITIN to claim tax treaty benefit b <input type="checkbox"/> Nonresident alien filing a U.S. tax return c <input type="checkbox"/> U.S. resident alien (based on days present in the United States) filing a U.S. tax return d <input type="checkbox"/> Dependent of U.S. citizen/resident alien } Enter name and SSN/ITIN of U.S. citizen/resident alien (see instructions) ► e <input type="checkbox"/> Spouse of U.S. citizen/resident alien } f <input type="checkbox"/> Nonresident alien student, professor, or researcher filing a U.S. tax return g <input type="checkbox"/> Dependent/spouse of a nonresident alien holding a U.S. visa h <input type="checkbox"/> Other (see instructions) ► Additional information for a and f: Enter treaty country ► and treaty article number ►</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 25%;">Name (see instructions)</td> <td style="width: 33%;">1a First name</td> <td style="width: 33%;">Middle name</td> <td style="width: 15%;">Last name</td> </tr> <tr> <td>Name at birth if different . . . ►</td> <td>1b First name</td> <td>Middle name</td> <td>Last name</td> </tr> <tr> <td>Applicant's mailing address</td> <td colspan="3">2 Street address, apartment number, or rural route number. If you have a P.O. box, see page 4. City or town, state or province, and country. Include ZIP code or postal code where appropriate.</td> </tr> <tr> <td>Foreign address (if different from above) (see instructions)</td> <td colspan="3">3 Street address, apartment number, or rural route number. Do not use a P.O. box number. City or town, state or province, and country. 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Skip line 6f. <input type="checkbox"/> Yes. Complete line 6f. If more than one, list on a sheet and attach to this form (see instructions).</td> </tr> <tr> <td></td> <td colspan="3">6f Enter: TIN or EIN ► and Name under which it was issued ►</td> </tr> <tr> <td></td> <td colspan="3">6g Name of college/university or company (see instructions) City and state Length of stay</td> </tr> <tr> <td style="text-align: center;">Sign Here</td> <td colspan="3"> <p>Under penalties of perjury, I (applicant/delegate/acceptance agent) declare that I have examined this application, including accompanying documentation and statements, and to the best of my knowledge and belief, it is true, correct, and complete. I authorize the IRS to disclose to my acceptance agent returns or return information necessary to resolve matters regarding the assignment of my IRS individual taxpayer identification number (ITIN), including any previously assigned taxpayer identifying number.</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 33%;">Signature of applicant (if delegate, see instructions)</td> <td style="width: 33%;">Date (month / day / year)</td> <td style="width: 33%;">Phone number</td> </tr> <tr> <td>/ /</td> <td>()</td> <td></td> </tr> <tr> <td>Keep a copy for your records.</td> <td>Name of delegate, if applicable (type or print)</td> <td>Delegate's relationship to applicant</td> </tr> <tr> <td></td> <td></td> <td><input type="checkbox"/> Parent <input type="checkbox"/> Court-appointed guardian <input type="checkbox"/> Power of Attorney</td> </tr> <tr> <td>Acceptance Agent's Use ONLY</td> <td>Signature</td> <td>Date (month / day / year)</td> </tr> <tr> <td></td> <td></td> <td>/ /</td> </tr> <tr> <td></td> <td>Name and title (type or print)</td> <td>Name of company</td> </tr> <tr> <td></td> <td></td> <td>EIN</td> </tr> </table> </td> </tr> </table> <p style="font-size: small;">For Paperwork Reduction Act Notice, see page 4. Cat. No. 10229L Form W-7 (Rev. 1-2006)</p>			Name (see instructions)	1a First name	Middle name	Last name	Name at birth if different . . . ►	1b First name	Middle name	Last name	Applicant's mailing address	2 Street address, apartment number, or rural route number. If you have a P.O. box, see page 4. City or town, state or province, and country. Include ZIP code or postal code where appropriate.			Foreign address (if different from above) (see instructions)	3 Street address, apartment number, or rural route number. Do not use a P.O. box number. City or town, state or province, and country. Include ZIP code or postal code where appropriate.			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Appendix G

Reinstated Earnings Items with Potential Individual Taxpayer Identification Numbers

We reviewed the self-employment income (SEI) Earnings Suspense File (ESF) Reinstates File¹ to determine whether individuals with potential Individual Taxpayer Identification Numbers (ITIN)² later obtained a valid Social Security number (SSN) and had their earnings reinstated. We reviewed 100 cases where earnings reported under a potential ITIN³ were later reinstated and found the following characteristics:⁴

- 95 individuals were born outside the United States;
- 79 individuals worked prior to receiving an SSN from the Social Security Administration (SSA);⁵
- 95 of the earnings items were reinstated using manual processes since the ESF issues could not be resolved through SSA's matching routines;⁶ and
- 76 of the earnings items were reinstated as a result of Decentralized Correspondence (DECOR), indicating that the notices are a useful part of the overall reinstatement process (see Appendix H for a copy of the DECOR notice).

We also found that very few of the potential ITINs were later reinstated to an earner's record. For example, of the earnings reported in Tax Year 2002 under a potential ITIN, approximately 1,400 were later reinstated to an earner's records and about 80,500 earnings items remained unresolved in the SEI ESF. The SEI ESF may contain additional earnings among individuals who may already have an SSN.

¹ The Reinstates File contains the most recent reinstated earnings items with details on the name and SSN reported to SSA as well as the corrected name and SSN.

² The ITIN is a 9-digit Federal tax processing number issued by the IRS.

³ We extracted reported SSNs from the SEI ESF Reinstates File for Tax Years (TY) 1951-2002 where the SSN began with a "9" and had a "7" or an "8" in the fourth digit (example: 9XX-7X-XXXX).

⁴ We reviewed these characteristics since they could be consistent with individuals using ITINs to report their earnings since (1) ITINs are assigned to noncitizens and (2) ITINs could have been used until the individuals were notified through SSA correspondence that their earnings could not be posted (hence, they requested an SSN).

⁵ We discussed this issue in an August 2005 audit—*Reported Earnings Prior to the Issuance of a Social Security Number* (A-03-04-14037).

⁶ Manual processes relate to individuals contacting SSA and requesting that their information be updated. If the problem was a simple transposition error, SSA's matching routines would be able to correct the problem without manual intervention.

Decentralized Correspondence for Self-Employed Individuals

<p>Social Security Administration Retirement, Survivors, and Disability Insurance Request for Self-Employment Information</p> <p>Form Approved OMB No. 0960-0508</p> <p>Social Security Administration Data Operations Center P.O. Box 39 Wilkes-Barre, PA 18767-1765</p> <p>Date:</p> <p>Sequence Number:</p> <p>Employer Number:</p> <p>We need more information about self-employment earnings reported to us by the Internal Revenue Service. Please complete the information on the back of this letter and return it to us promptly. We cannot put these earnings on your Social Security record until the name and Social Security number reported agree with our records.</p> <p>Name: Social Security Number: Reported Net Earnings from Self-Employment: Tax Year:</p> <p>THIS IS WHAT YOU NEED TO DO</p> <ol style="list-style-type: none">1. If your Social Security card does not show your correct name or Social Security number, or if you have lost your Social Security card, please call our toll-free number, 1-800-772-1213, or contact your local Social Security office.2. Compare the information shown above to the Schedule SE of your tax return and your Social Security card.3. If the name and number shown on the Social Security card:<ul style="list-style-type: none">- Do not agree with the information shown above, fill in the requested information on the back of this letter. Then mail this letter to us in the enclosed envelope.- Agree exactly with the information shown above, contact your local Social Security office. Do not mail this letter back to us.4. Make sure that your future tax returns have your correct name and Social Security number. <p>Si usted necesita una traducción de esta carta, por favor llámenos al número de teléfono gratis, 1-800-772-1213, de 7 a.m. a 7 p.m. de lunes a viernes.</p> <p>Please See Reverse</p>
--

REQUEST FOR SELF-EMPLOYMENT INFORMATION

1. Name shown on your Social Security card (Please Print-- Use Black Ink or #2 Pencil)

2. Social Security number on your card: _____ - _____ - _____

3. Were the earnings shown on the front of this letter reported on your (joint/individual) tax return?

If No, explain _____

If Yes, do the earnings reported belong to: You Your spouse (Please check one)

Spouse's Name:

First

M.I.

Last

Spouse's SSN:

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4. Have you ever used another name? No Yes (Give other names used)

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ANSWER

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198

5. Daytime phone number where you can be reached _____ - _____ - _____

If you have any questions, you may call us toll-free at 1-800-772-1213. We can answer most questions over the phone. You can also write or visit any Social Security office. If you do call or visit an office, please have this letter with you. The office that serves your area is located at:

W. Burnell Hurt
Associate Commissioner for
Central Operations

Enclosure:
Envelope

See Next Page

Appendix I

Prior Office of the Inspector General Reports

<i>Social Security Administration, Office of the Inspector General Reports Related to the Earnings Suspense File</i>		
<i>Common Identification Number</i>	<i>Report Title</i>	<i>Date Issued</i>
A-03-00-10004	<i>Performance Measure Review: Reliability of the Data Used to Measure the Accuracy of Earnings Posted</i>	May 2001
A-03-01-11034	<i>Effectiveness of the Social Security Administration's Decentralized Correspondence Process</i>	July 2002
A-03-01-11035	<i>Effectiveness of the Social Security Administration's Earnings after Death Process</i>	August 2002
A-03-03-23038	<i>Status of the Social Security Administration's Earnings Suspense File</i>	November 2002
A-15-04-14069	<i>Performance Indicator Audit: Earnings Suspense File</i>	August 2004
A-03-04-14037	<i>Reported Earnings Prior to the Issuance of a Social Security Number</i>	August 2005

Appendix J

Agency Comments



SOCIAL SECURITY

MEMORANDUM

Date: June 6, 2006

Refer To: S1J-3

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

From: Larry W. Dye /s/
Chief of Staff

Subject: Office of the Inspector General (OIG) Draft Report, "The Self-Employment Income Earnings Suspense File" (A-03-05-25038)—INFORMATION

We appreciate OIG's efforts in conducting this review. Our comments on the draft report's recommendations are attached.

Please let me know if you have any questions. Staff inquiries may be directed to Ms. Candace Skurnik, Director, Audit Management and Liaison Staff, at extension 54636.

Attachment:
SSA Response

COMMENTS ON THE OFFICE OF THE INSPECTOR GENERAL'S (OIG) DRAFT REPORT, "THE SELF-EMPLOYMENT INCOME EARNINGS SUSPENSE FILE (ESF)"(A-03-05-25038)

Thank you for the opportunity to review and provide comments on this draft report.

Recommendation 1

Work with the Internal Revenue Service (IRS) to resolve the inconsistent instructions provided to non-citizens relative to the appropriate tax identification number to be used for reporting Self-Employment Contributions Act (SECA) and Medicare taxes.

Comment

We agree. The Social Security Administration (SSA) and the IRS have an established process for the periodic review of forms and publications that affect both our agencies. In subsequent review cycles, SSA will emphasize the issue of the Individual Taxpayer Identification Number (ITIN) and Social Security number (SSN) use in instructions provided for purposes of reporting SECA and Medicare taxes.

Recommendation 2

Update the language in the self-employment income decentralized correspondence (DECOR) notice to make it clear to individuals that earnings reported under an ITIN cannot be used for future SSA benefits unless they are reported under the earners' valid SSN.

Comment

To be consistent with the current Social Security Act, we recommend the clause following "...future SSA benefits..." in this recommendation be rewritten to state "...until the individual obtains a valid SSN."

Given the pending immigration reform legislation, we will defer any decision to change the language in the DECOR letter for self-employed individuals.

Recommendation 3

Discuss with the IRS the possibility of obtaining ITIN data in accordance with the SSA/IRS agreement. The ITIN information could be reviewed to determine whether the addition of this new information to SSA's records results in a) a reduction in the size of the self-employment income Earnings Suspense File (ESF) and/or b) adjustments to SSA benefits.

Comment

We disagree. We believe that SSA would not benefit from such an endeavor. ITINs are available from the IRS only for individuals who are not eligible for an SSN. If an individual does not have an SSN, such ITIN information would be rendered useless because it would be impossible to remove the individual's self-employment income (or wages) from the ESF since, without an SSN, there would be no valid record to which the earnings could be credited.

Alternatively, individuals previously assigned an ITIN who subsequently become eligible for and obtain an SSN will learn from their annual Social Security Statement that earnings are not posted to their records and the potential effects on benefits of failing to properly report or to correct earnings. In addition, the Social Security Statement currently provides instructions on how to resolve such earnings discrepancies

[In addition to the comments above, SSA provided technical comments which have been addressed, where appropriate, in this report.]

Appendix K

OIG Contacts and Staff Acknowledgments

OIG Contacts

Walter Bayer, Director, Philadelphia Audit Division, (215) 597-4080

Cylinda McCloud-Keal, Audit Manager, (215) 597-0572

Acknowledgments

In addition to those named above:

Brenda Williams, Auditor-in-Charge

Richard Devers, IT Specialist

Annette DeRito, Writer/Editor

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 Specialist at (410) 965-3218. Refer to Common Identification Number A-03-05-25038

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Chairman and Ranking Minority Member, Subcommittee on Labor, Health and Human Services, Education and Related Agencies, Committee on Appropriations, U.S. Senate
Chairman and Ranking Minority Member, Committee on Finance
Chairman and Ranking Minority Member, Subcommittee on Social Security and Family Policy
Chairman and Ranking Minority Member, Senate Special Committee on Aging Social Security Advisory Board

Overview of the Office of the Inspector General

The Office of the Inspector General (OIG) is comprised of our Office of Investigations (OI), Office of Audit (OA), Office of the Chief Counsel to the Inspector General (OCCIG), and Office of Resource Management (ORM). To ensure compliance with policies and procedures, internal controls, and professional standards, we also have a comprehensive Professional Responsibility and Quality Assurance program.

Office of Audit

OA conducts and/or supervises financial and performance audits of the Social Security Administration's (SSA) programs and operations and makes recommendations to ensure program objectives are achieved effectively and efficiently. Financial audits assess whether SSA's financial statements fairly present SSA's financial position, results of operations, and cash flow. Performance audits review the economy, efficiency, and effectiveness of SSA's programs and operations. OA also conducts short-term management and program evaluations and projects on issues of concern to SSA, Congress, and the general public.

Office of Investigations

OI conducts and coordinates investigative activity related to fraud, waste, abuse, and mismanagement in SSA programs and operations. This includes wrongdoing by applicants, beneficiaries, contractors, third parties, or SSA employees performing their official duties. This office serves as OIG liaison to the Department of Justice on all matters relating to the investigations of SSA programs and personnel. OI also conducts joint investigations with other Federal, State, and local law enforcement agencies.

Office of the Chief Counsel to the Inspector General

OCCIG provides independent legal advice and counsel to the IG on various matters, including statutes, regulations, legislation, and policy directives. OCCIG also advises the IG on investigative procedures and techniques, as well as on legal implications and conclusions to be drawn from audit and investigative material. Finally, OCCIG administers the Civil Monetary Penalty program.

Office of Resource Management

ORM supports OIG by providing information resource management and systems security. ORM also coordinates OIG's budget, procurement, telecommunications, facilities, and human resources. In addition, ORM is the focal point for OIG's strategic planning function and the development and implementation of performance measures required by the Government Performance and Results Act of 1993.