

Audit Report

Individuals with Earnings Before
Receiving Work-authorized Social
Security Numbers

MEMORANDUM

Date: July 19, 2019 **Refer To:**

To: The Commissioner

From: Inspector General

Subject: Individuals with Earnings Before Receiving Work-authorized Social Security Numbers
(A-03-16-50132)

The attached final report presents the results of the Office of Audit's review. The objective was to determine whether noncitizen workers met the criteria of section 211 of the *Social Security Protection Act of 2004* when they received credit for wages earned before they received their Social Security numbers.

If you wish to discuss the final report, please call me or have your staff contact Rona Lawson, Assistant Inspector General for Audit, 410-965-9700.



Gail S. Ennis

Attachment

Individuals with Earnings Before Receiving Work-authorized Social Security Numbers

A-03-16-50132



July 2019

Office of Audit Report Summary

Objective

To determine whether noncitizen workers met the criteria of section 211 of the *Social Security Protection Act of 2004* (SSPA) when they received credit for wages earned before they received their Social Security numbers (SSN).

Background

The Social Security Administration (SSA) administers the Old-Age, Survivors and Disability Insurance program to provide monthly benefits to retired or disabled workers. Benefits are based on an individual's lifetime covered earnings. To be entitled to benefits, an individual must be insured according to SSA's guidelines, file an application, and meet the age or disability requirements.

The *Social Security Protection Act of 2004* amended the *Social Security Act* to require that noncitizens meet new requirements to be entitled to Social Security benefits. Specifically, they must be issued an SSN for work purposes on or after January 1, 2004, or be admitted to the United States at any time as a nonimmigrant visitor for business or as a noncitizen crewman.

Findings

All of our sampled 100 individuals to whom SSA issued work-authorized SSNs between January 2013 and November 2015, met the criteria of section 211. As a result, SSA posted to their earnings records about \$7.8 million in wages that were earned in Tax Years 1991 to 2014. Because these individuals met the criteria for SSPA, their wages could be used to determine whether they were fully insured and entitled to Social Security benefits. As of June 2017, 55 of the 100 sampled individuals had earned enough quarters of coverage to be insured for retirement or disability benefits because they received credits for wages they earned before the Agency issued their work-authorized SSNs. Had they not received credit for these wages, 52 would not have been insured for Social Security benefits. They would need to earn additional credits to reach insured status.

We also sampled 50 individuals with about \$2.3 million in wages for whom SSA manually added earnings to their records. For these 50 individuals, SSA staff generally followed established policy for identifying missing earnings and obtaining evidence for the periods in question. However, for five individuals with approximately \$148,000 in wages, SSA posted wages to their earnings record without also removing them from the Earnings Suspense File, used invalid employer identification numbers, or added wages from a questionable employer. As of March 2019, as a result of our review, SSA had taken corrective actions for the five cases.

Recommendation

We recommend SSA remind employees to follow proper procedures when they manually add wages to individuals' earning records. SSA agreed with our recommendation.

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ABBREVIATIONS

ESF	Earnings Suspense File
POMS	Program Operations Manual System
QC	Quarters of Coverage
SSA	Social Security Administration
SSN	Social Security Number
SSPA	<i>Social Security Protection Act of 2004</i>
TY	Tax Year

OBJECTIVE

Our objective was to determine whether noncitizen workers met the criteria of section 211 of the *Social Security Protection Act of 2004* (SSPA) when they received credit for wages earned before they received their Social Security numbers (SSN).

BACKGROUND

The Social Security Administration (SSA) administers the Old-Age, Survivors and Disability Insurance program.¹ The program provides monthly benefits to retired or disabled workers, including their dependents and survivors. Benefits are based on an individual's taxable earnings during his/her lifetime.

To be entitled to Social Security retirement or disability benefits, an individual must be insured according to SSA's guidelines, file an application, and meet the age or disability requirements. SSA uses earnings to determine whether an individual has enough work credits, referred to as quarters of coverage (QC), to be insured for benefits. QCs are based on an individual's total annual wages or self-employment income. An individual can earn up to four QCs each year. The number of QCs required may be different depending on the type of benefits involved and other factors. For example, to be insured for retirement benefits, an individual born in 1929 or later must have earned 40 QCs. The earliest age an individual can receive retirement benefits is 62.² The full retirement age increases gradually if an individual was born from 1938 to 1960 until it reaches age 67.³

To be eligible for disability benefits, an individual must be fully insured and meet a recent work test.⁴ To be fully insured, an individual must earn a certain number of QCs. Next, the individual must meet one of the following three work test rules that are based on the age at which he/she became disabled.

- Before Age 24 Rule: An individual became disabled before age 24 and earned six QCs in a 3-year period.
- Age 24 to 31 Rule: An individual became disabled after reaching age 24 but before age 31 and worked for half the time between age 21 and when he/she became disabled.
- Age 31 or Older Rule: An individual became disabled after reaching age 31 and worked for 5 years of a 10-year period before becoming disabled.

¹ *The Social Security Act*, 42 U.S.C. §§ 401, 402, 423 (goveinfo.gov 2017).

² SSA, POMS, RS 00201.001, A (October 8, 2003).

³ SSA, POMS, RS 00615.003, A (May 21, 2004).

⁴ SSA, POMS, RS 00301.101, B.1 (August 9, 2011).

Section 211 of the SSPA requires that noncitizens meet certain requirements to become fully insured and entitled to Social Security benefits.⁵ Specifically, a noncitizen must be issued an SSN for “work purposes” on or after January 1, 2004 or admitted to the United States at any time as a nonimmigrant visitor for business (B-1) or as a noncitizen crewman⁶ (D-1 or D-2).⁷ SSA policy allows a noncitizen who meets this requirement to receive credit for all covered wages, regardless of the noncitizen’s prior immigration or work-authorization status.⁸ The Agency uses these wages to determine whether individuals are entitled to benefits.⁹

Wages individuals earned before they were assigned SSNs may be posted to SSA’s Earnings Suspense File (ESF). SSA posts to the ESF wages that are reported with names and SSNs that do not match its records. If an individual provides the appropriate evidence (that is, *Wage and Tax Statement* [Form W-2]) and SSA locates the wages in the ESF, the Agency will reinstate the wages to the Master Earnings File.¹⁰ Further, SSA may manually correct an individual’s earnings record when staff cannot locate the wages in other SSA systems, and the individual, an employer, or a third party provides SSA proper evidence such as a Form W-2 or tax return.¹¹

For our review, we identified 5,738 individuals from 1 segment¹² of the Numident¹³ for whom SSA posted earnings to their earnings records for Tax Years (TY) before the Agency issued them work-authorized SSNs. SSA issued these individuals SSNs in Calendar Years 2013 through 2015 and the individuals had about \$505 million in earnings for TYs 1971 to 2014. For this review, we randomly selected 100 individuals who had \$7.8 million in wages posted to their earning records. In addition, we identified 349 individuals for whom SSA manually added about

⁵ See Appendix A.

⁶ A crewman is a foreign national serving in a capacity required for normal operations and service on board a vessel or aircraft. They are admitted for 29 days with no extensions. There are two categories of crewmen: D1, departing from the United States with the vessel or aircraft on which they arrived or some other vessel or aircraft, and D2, departing from Guam with the vessel on which they arrived.

⁷ SSPA, Pub. L. No. 108-203, § 211, 118 Stat. 518. An individual must apply for work authorization from the Department of Homeland Security by filing Form I-765, *Application for Employment Authorization*.

⁸ SSA issues nonwork SSNs to noncitizens who lack Department of Homeland Security work authorization but have valid nonwork reasons for the SSNs, such as to obtain a federally funded benefit that requires an SSN. Section 414 of the *Illegal Immigration Reform and Immigrant Responsibility Act of 1996* requires that SSA provide Department of Homeland Security the SSNs, names, and addresses of noncitizens working with nonwork SSNs; employer reporting the wages; and earnings amount. For additional information see SSA OIG, *Employers Reporting Wages with Nonwork Social Security Numbers*, A-03-18-50537 (September 2018).

⁹ SSA, *POMS*, RS 00301.102, B (August 8, 2017).

¹⁰ SSA, *POMS*, RM 03870.015, A.5 (February 4, 2011).

¹¹ SSA, *POMS*, RS 01404.003, A.2 and B.3 (September 1, 2011) and RS 01403.010, B.1 (April 3, 2009).

¹² A segment represents one-twentieth of SSA’s Modernized Enumeration System. The Modernized Enumeration System is separated into 20 segments based on the last 2 digits of the SSN. Since these last digits are not specific to a region or period of issuance, each segment should be representative of the entire file.

¹³ The Numident includes identifying information (such as name, date of birth, and mother’s maiden name) the applicant provided on his/her Form SS-5, *Application for a Social Security Card*, for original and replacement SSN cards.

\$17 million in wages to their earnings records. From this population, we reviewed a random sample of 50 individuals with about \$2.2 million in wages that were manually added. For additional information about our scope and methodology, see Appendix B.

RESULTS OF REVIEW

All of the 100 sampled individuals to whom SSA issued work-authorized SSNs between January 2013 and November 2015 met the criteria of section 211 of the SSPA. The Agency issued these individuals work-authorized SSNs after January 1, 2004. As a result, SSA posted about \$7.8 million in wages that were earned from TYs 1971 to 2014 to their earning records by either manually adding the wages or reinstating them from the ESF.

Because these individuals met the criteria for SSPA, their wages could be used to determine whether they were fully insured and entitled to Social Security benefits. As of June 2017, of the 100 sampled individuals, 55 had earned enough quarters of coverage to be insured for retirement or disability benefits because they received credits for wages they earned before they were authorized to work. Although the 55 individuals met the requirements for insured status, none had applied for Social Security benefits as of September 2018. Had the 55 individuals not received credit for wages earned before they were authorized to work, 52 would not have been insured for Social Security benefits. They would have needed to earn additional credits to reach insured status. In addition, SSA deemed one individual to be insured at the time of his death, and, as a result, his surviving child received the benefits. As of June 2017, the remaining 44 individuals were not yet insured for benefits because they had not worked long enough under Social Security to earn enough QC's. However, these individuals may continue working and reach insured status. Therefore, the wages earned before they were work-authorized may later count toward their entitlement to benefits.

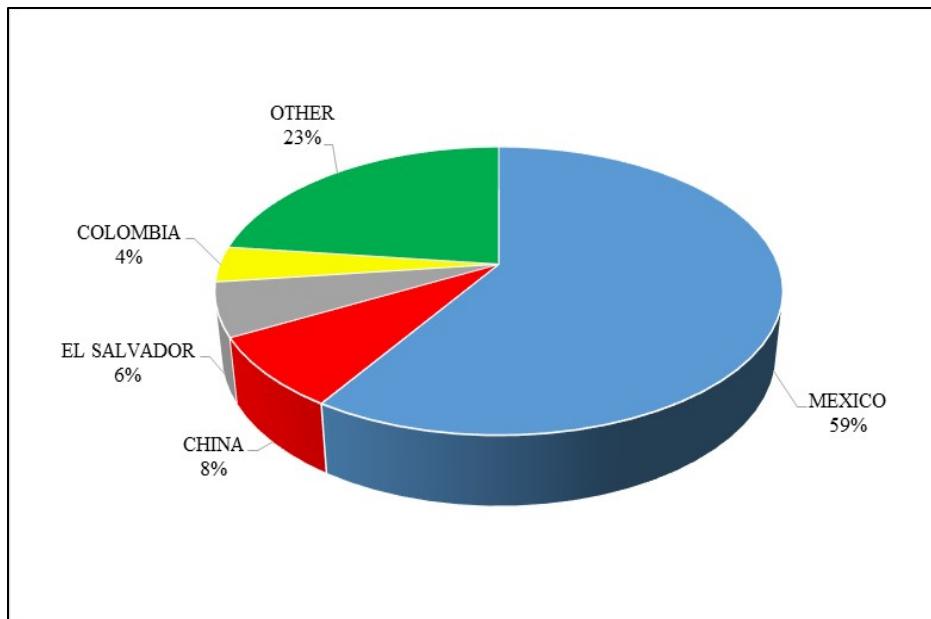
Based on a separate sample of individuals with manually added wages, SSA staff generally followed established policy when they manually added approximately \$2.2 million in wages to 50 individuals' earning records. However, for five individuals with approximately \$148,000 in wages, SSA posted wages to their earnings records without removing them from the ESF, used invalid employer identification numbers, or added wages from a questionable employer. As of March 2019, SSA had taken corrective actions for the five cases.

Work-authorized SSNs

SSA properly issued valid work-authorized SSNs to 100 sampled individuals who earned \$7.8 million in wages before the Agency assigned them SSNs. SSA assigned the work-authorized SSNs between January 2013 and November 2015 after the individuals provided the Agency evidence of their work authorization/citizenship status. The individuals ranged in age from 18 to 66 when the Agency assigned them work-authorized SSNs. As shown in Figure 1, the individuals were born in 18 countries with 77 percent born in Mexico, China,

El Salvador, and Colombia.¹⁴ Because the individuals met the criteria of section 211 of SSPA, SSA policy allows the wages they earned before they were authorized to work in the United States to be used to establish entitlement to Social Security benefits.

Figure 1: Individuals' Country of Birth



SSA credited the 100 individuals with approximately \$7.8 million in wages earned in TYs 1991 to 2014 by either reinstating the wages from the ESF or manually adding the wages to the individuals' earnings records. About \$7.6 million of the reinstated wages was in the ESF because the name/SSN combinations on the Forms W-2, *Wage and Tax Statements*, did not match SSA's records. In these cases, the individuals used either valid SSNs that were not assigned to them or invalid SSNs (that is, the SSN was never assigned or was reported with a number that resembled an Individual Taxpayer Identification Number).¹⁵ SSA personnel manually added the remaining \$259,000 in wages to the individuals' earning records because they could not locate the wages in SSA's records. (We discuss manually added wages in more detail later in the report.)

¹⁴ The other 14 countries are Argentina, Brazil, Canada, Cuba, Dominican Republic, Ecuador, Guatemala, Honduras, India, Libya, Macau, Panama, Peru, and Uruguay.

¹⁵ The Individual Taxpayer Identification Number is a nine-digit Federal tax processing number the Internal Revenue Service issues 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. To obtain an Individual Taxpayer Identification Number, individuals must file Internal Revenue Service Form W-7, *Application for IRS Individual Taxpayer Identification Number*, and attach a valid Federal income tax return or, if they qualify for an exception, include their original proof of identity or copies certified by an issuing agency and foreign status documents.

The 100 sampled individuals worked from 1 to 21 years (the average was about 4 years) before SSA issued them work-authorized SSNs. The total wages the 100 individuals earned ranged from \$320 to \$559,000. See examples below.

- SSA assigned a work-authorized SSN to an individual in 2013, when he was 48-years-old. During TYs 1992 to 2012, he worked for five employers and used an SSN that was not assigned to him to earn about \$383,000 in wages. His employers were in the agriculture and construction industries. His annual wages ranged from \$8,751 in TY 1992 to \$30,803 in TY 2012. He worked for one agriculture employer for 17 years, TYs 1992 to 2008. After SSA assigned him a work-authorized SSN in 2013, the Agency posted to his earnings record the \$383,000 he earned while he was not authorized to work in the United States.
- SSA assigned a work-authorized SSN to an individual in 2014, when he was 42-years-old. During TYs 2005 to 2012, he used an SSN the Agency had assigned to another person to earn about \$559,000 in wages. SSA staff reinstated about \$539,000 in wages from the ESF and manually added \$19,990 to his earnings record. Annually, his wages ranged from \$56,489 to \$90,135. He worked for five employers who were in the automotive repair and employment agency industries. After SSA assigned him a work-authorized SSN, it posted the wages he earned before he was authorized to work in the United States to his earnings record.

Eligibility for Social Security Benefits

As of September 2018, none of the 100 sampled individuals was receiving Social Security benefits. However, SSA paid a surviving child benefits for one of the individuals. In addition, 55 of the remaining 99 individuals earned enough QCs from their unauthorized work to be insured for Social Security benefits. The remaining 44 individuals were not insured for benefits because they had not worked long enough under Social Security to earn the required QCs.

Table 1: Insured Status for Sample Cases

Insured Status	Individuals	QCs Earned Before Work Authorization	Wages Earned Before Work Authorization	Total QCs Earned
Not Insured	44	0-28	\$877,325	5-36
Disability Rules (Before Age 24 and Age 24 to 31)	20	0-20	484,014	11-36
Disability Rule After Age 31	10	4-25	423,793	20-39
Retirement	25	32-84	5,984,132	40 and over
Total	99		\$7,769,264	

For example, SSA assigned a work-authorized SSN to an individual in 2013, when he was 46 years old. At the time of his death in November 2017, he was insured for benefits because of work he performed before and after SSA issued him a work-authorized SSN. In TY 2011, he earned about \$17,000 from self-employment, and SSA credited him with 4 QCs. After he was issued a work-authorized SSN, he continued working for 4 more years (TYs 2013 through 2016), earning about \$58,000 that resulted in his receiving 16 QCs. At the time of his death, he had 20 QCs and was insured since he had earned 6 QCs in the 13 quarters before his death.¹⁶ The wages he earned before he was authorized to work did not insure him for benefits because he earned enough credits after he was issued a work-authorized SSN to be insured. However, the wages he earned before he was issued a work-authorized SSN increased the benefit amount paid to his surviving child. The child received about \$1,400 in survivors' benefits for the period November 2017 to May 2018 (before the child reached age 18).¹⁷ Had SSA not credited his father with the wages he earned before the Agency issued him a work-authorized SSN, the child would have received about \$1,100 in survivors' benefits for the same period (\$300 less in total benefits paid).

Insured for Social Security Benefits

In accordance with policy, SSA posted to 55 individuals' records about \$6.9 million in wages they earned before the Agency issued them work-authorized SSNs, which insured them for disability or retirement benefits. Specifically, 30 of the individuals were insured for disability, and 25 were insured for retirement benefits. The remaining 44 individuals in our sample were not insured for benefits.

Insured for Disability Benefits

Thirty individuals are insured for disability benefits, should they become disabled.¹⁸ As of September 2018, they ranged from 21 to 55-years-old and had earned 11 to 39 QCs. From TYs 1991 to 2014, they earned 0 to 25 QCs for approximately \$908,000 in wages they earned before SSA issued them work-authorized SSNs. Their wages ranged from about \$300 to \$122,000. From January 2013 to February 2015, when SSA issued these individuals work-authorized SSNs, they ranged in age from 18 to 50-years-old. After the Agency issued them work-authorized SSNs, they earned about \$2.6 million in wages, which resulted in SSA crediting them an additional 7 to 17 QCs. Because of the QCs they earned before and after the Agency issued them work-authorized SSNs,

- 3 would have met the disability rule had they become disabled before age 24 because they had earned 6 QCs in a 3-year period as of June 2017;

¹⁶ SSA, *POMS*, RS 00301.110, 1.a. (August 18, 2004).

¹⁷ SSA, *POMS*, RS.00203.001, A.1 (July 9, 2018).

¹⁸ We assessed their insured status for disability benefits as of June 2017.

- 17 would have met the disability rule had they become disabled after age 24 but before age 31 because they had worked during half the time for the period beginning with the quarter after age 21 and ended with the quarter June 2017; and
- 10 would have met the disability rule had they become disabled after they reached age 31 or later because they had worked during 5 years of a 10-year period as of June 2017.

For example, as of June 2017, a 33-year-old individual met the Age 31 or Older Rule by earning 39 QCs in TYs 2005 to 2016 working in the landscaping and janitorial industries. For TYs 2005 through 2012, he earned about \$94,000 in wages using an invalid SSN and received 27 QCs. After SSA issued him a work-authorized SSN, he worked an additional 3 years and earned approximately \$77,000 in wages and was credited with 12 QCs. Because of the wages he earned before SSA issued him a work-authorized SSN, he met the Age 31 or Older Rule by having worked 5 years of a 10-year period.

Had these individuals not been allowed to receive credit for their earnings before SSA issued them work-authorized SSNs, 27 of the 30 individuals would not have been insured for disability benefits as of June 2017 because they had not earned enough QCs. They would have needed to earn additional credits to be insured for benefits. Three individuals would have met the Before Age 24 Rule for disability benefits without the QCs they earned before SSA issued them work-authorized SSNs because they had at least 6 QCs in a 3-year period as of June 2017.

Insured for Retirement Benefits

As of June 2017, 25 individuals had earned the 40 QCs required to insure them for retirement benefits. They earned about \$6 million in wages, ranging from about \$100,000 to \$559,000, before the Agency issued them work-authorized SSNs. However, as of September 2018, they had not filed for benefits or met the age requirement for retirement because they ranged in age from 29 to 63-years-old. For instance, in May 2014, SSA issued an individual a work-authorized SSN when he was 59-years-old. Before the Agency issued him a work-authorized SSN, he worked for 9 years (TYs 2005 through 2013) using an invalid SSN and earned about \$231,000, which resulted in SSA crediting him 36 QCs. His wages ranged from \$16,900 to \$74,210 per year. After SSA issued him a work-authorized SSN, he worked for an additional 3 years, earning 12 QCs. As of March 2019, he had not applied for retirement benefits even though he met the required 40 QCs and age (he was 64-years-old). Had he applied for retirement benefits in 2019, he could have received about \$668 a month. Without credit for the wages he earned before SSA issued him a work-authorized SSN, he would not have been insured for benefits because he only earned 20 QCs after he was issued a work-authorized SSN and would have needed to work a minimum of 5 more years to become insured for retirement benefits.

Had the 25 individuals not received credit for their earnings they earned before SSA issued them work-authorized SSNs, they would not have been insured for retirement benefits. They would have needed to earn additional credits to attain the required QCs.

Not Insured

Forty-four individuals were not insured for benefits because they had not worked long enough to earn sufficient QCs. These individuals ranged in age from 22 to 66-years-old when the Agency issued them work-authorized SSNs between January 2013 and August 2015. These individuals earned between 0 and 28 QCs before SSA issued them work-authorized SSNs, earning between \$500 to \$151,785 in wages. After the Agency issued these individuals work-authorized SSNs, they continued working and earned an additional 3 to 16 QCs. For instance, SSA issued an individual a work-authorized SSN in June 2014 when she was 66-years-old. She did not earn the 40 QCs required to be insured for benefits. She earned 36 QCs, of which 28 QCs were earned before the Agency issued her a work-authorized SSN and 8 QCs were after. As of February 2019, she had not worked since TY 2015. To become insured, she would need to work an additional 4 QCs (approximately 1 year).

Even though the 44 individuals were not insured for Social Security benefits as of June 2017, they could become insured if they continue to work and earn enough QCs. Therefore, the wages they earned before the Agency issued them work-authorized SSNs may count toward determining their entitlement to benefits.

Manually Added Wages

From our sample of 50 individuals for whom SSA manually added to their earnings records about \$2.3 million in wages, SSA staff generally followed established policy for identifying the missing earnings and obtaining earnings evidence for the periods in question. SSA manually added about \$2.1 million in wages to 47 individuals' earnings records appropriately based on our review of the information in SSA's records and the individuals' work history. In addition, for 15 of the 47 individuals, SSA employees added remarks in the Agency's system to explain the rationale for adding the wage items. However, our review was limited because SSA's policy did not require that staff maintain copies of evidence provided when wages were added and staff were only required to add a rationale for special circumstances.¹⁹ For five individuals²⁰ with about \$148,000 in wages, SSA either double-posted their wages to the Master Earnings File and ESF, added wages from a questionable employer, or used invalid employer identification numbers.

Earnings Posted to the Master Earnings File and ESF

SSA manually added about \$48,000 in wages to three individuals' earning records instead of searching for the wages in the ESF and transferring them. When an individual alleges missing wages, SSA's staff is required to first search the ESF for the missing wage item and, if the wage item is not located, manually add the wages to the individual's earnings record as long as appropriate evidence is provided. However, for three cases, it did not appear SSA staff checked the ESF and, as a result, these wage items were posted to the individuals' earnings records and

¹⁹ SSA, *POMS*, RM 03870.015, 10 (February 4, 2011).

²⁰ One individual had two types of errors, a double-posting of wages and an invalid employer identification number.

the ESF. For instance, one woman had 5 years of earnings, totaling about \$43,000, for TYs 1991 through 1995 that SSA manually added to her earnings record after it issued her an SSN in August 2014. In reviewing SSA's records, she provided SSA staff with sufficient evidence of her employment (copies of her Forms W-2); however, we did not find evidence where SSA staff checked the ESF for the wages as required by policy.²¹ All 5 years of earnings were posted to the ESF with an incorrect name and SSN combination.

If SSA does not remove these earnings from the ESF, there is a risk they could later be reinstated to individuals' earnings records in error, resulting in double-postings. If earnings are overstated, it could result in SSA incorrectly determining that individuals are insured for benefits or incorrectly increasing their benefit amounts. As of March 2019, as a result of our audit, the Agency had taken appropriate actions to correct all three cases.

Earnings Posting Errors

For three individuals with five wage items totaling approximately \$100,000, SSA staff manually keyed invalid employer identification numbers when adding the wages to the individuals' earnings records, or added wages for an employer that did not have a history of reporting wages after a particular TY. While SSA's annual wage reporting process will not process wage reports with an invalid employer identification numbers, the Agency does not have this same control when earnings are manually added. Posting wages with invalid employer identification numbers could lead to SSA posting fictitious wages to its Master Earnings File. As of March 2019, as a result of our audit, the Agency had taken appropriate actions to correct the three cases.

CONCLUSIONS

Overall, 100 individuals to whom SSA issued work-authorized SSNs between January 2013 and November 2015 met the criteria of section 211 of SSPA because the Agency issued them work-authorized SSNs after January 1, 2004. Because the law and SSA policy allow individuals to receive credit for wages they earned before the Agency issued them work-authorized SSNs, SSA posted about \$7.8 million in wages to their earning records, which could be used to determine whether they were fully insured and entitled to Social Security benefits. As a result, 55 individuals were insured for disability or retirement benefits at the time of our review. Had the 55 individuals not received credit for wages earned before they were authorized to work, 52 would not have been insured for Social Security benefits at the time of our review and would have needed to earn additional credits to become insured for benefits.

SSA staff generally followed established policy when they manually added wages to the earnings records of 50 sampled individuals. However, for five individuals with approximately \$148,000 in wages, SSA either recorded their wages to both their earnings records and the ESF, used invalid employer identification numbers, or added wages from a questionable employer. As of March 2019, the Agency had taken appropriate actions to correct the five cases.

²¹ SSA, POMS, RS 01404.120, 5c (June 13, 2013).

RECOMMENDATION

We recommend that SSA remind employees to follow proper procedures when they manually add wages to individuals' earning records.

AGENCY COMMENT

SSA agreed with our recommendation. The Agency's comments are included in Appendix C.



Rona Lawson
Assistant Inspector General for Audit

APPENDICES

Appendix A – SECTION 211 OF THE *SOCIAL SECURITY PROTECTION ACT OF 2004*

Under section 211 of the *Social Security Protection Act of 2004*,¹ certain non-citizen workers must meet additional requirements to be insured and to establish entitlement based on their earnings. See below for details of the provision.

SEC. 211. PROHIBITION ON PAYMENT OF TITLE II BENEFITS TO PERSONS NOT AUTHORIZED TO WORK IN THE UNITED STATES.

- (a) Fully Insured and Currently Insured Individuals.--Section 214 (42 U.S.C. 414) is amended...
(3) by adding at the end the following:
- `` (c) For purposes of subsections (a) and (b), the criterion specified in this subsection is that the individual, if not a United States citizen or national—
 - `` (1) has been assigned a social security account number that was, at the time of assignment, or at any later time, consistent with the requirements of subclause (I) or (III) of section 205(c)(2)(B)(i); or
 - `` (2) at the time any such quarters of coverage are earned—
 - `` (A) is described in subparagraph (B) or (D) of section 101(a)(15) of the Immigration and Nationality Act,
 - `` (B) is lawfully admitted temporarily to the United States for business (in the case of an individual described in such subparagraph (B)) or the performance as a crewman (in the case of an individual described in such subparagraph (D)), and
 - `` (C) the business engaged in or service as a crewman performed is within the scope of the terms of such individual's admission to the United States.”.

(b) Disability Benefits.--Section 223(a)(1) of the Social Security Act (42 U.S.C. 423(a)(1)) is amended...
(2) by inserting after subparagraph (B), the following: ``(C) if not a United States citizen or national—

- `` (i) has been assigned a social security account number that was, at the time of assignment, or at any later time, consistent with the requirements of subclause (I) or (III) of section 205(c)(2)(B)(i); or
- `` (ii) at the time any quarters of coverage are earned—
 - `` (I) is described in subparagraph (B) or (D) of section 101(a)(15) of the Immigration and Nationality Act,
 - `` (II) is lawfully admitted temporarily to the United States for business (in the case of an individual described in such subparagraph (B)) or the performance as a crewman (in the case of an individual described in such subparagraph (D)), and

¹ *Social Security Protection Act of 2004*, Pub. L. No. 108-203, § 211, 118 Stat. 518

`` (III) the business engaged in or service as a crewman performed is within the scope of the terms of such individual's admission to the United States.".

(c) Effective Date...amendments made by this section apply to benefit applications based on social security account numbers issued on or after January 1, 2004.

Appendix B – SCOPE AND METHODOLOGY

To accomplish our objective, we:

- Reviewed applicable Federal laws and sections of the *Social Security Act* and Social Security Administration's (SSA) regulations, policies, and procedures.
- Reviewed applicable Program Operations Manual System policies and operating instructions relevant to benefit entitlement.
- Reviewed Office of the Inspector General reports, Government Accountability Office reports, and other relevant documents.
- Obtained from 1 segment¹ of the Numident 5,757 individuals who were enumerated in Calendar Years 2013 through 2015 and had \$509 million in wages posted to the Master Earnings File before they were enumerated. We analyzed the data to identify
 - 5,738 individuals who had about \$505 million in wages posted before they were enumerated—we sampled 100 for review and
 - 349 individuals who had approximately \$17 million in wages manually posted to their earnings records—we sampled 50 for review.
- For our sample cases, we analyzed information in the following systems to determine whether the individuals met the requirements of section 211 of the *Social Security Protection Act of 2004*, the wage items were appropriately posted to the individuals' earnings records and the wages posted before they were enumerated made individuals eligible for or increased their Social Security benefits.
 - Disability Insured Status Calculator Online to determine periods of insured status for an individual. This tool retrieves information from the Numident, Summary Earnings Query, Master Beneficiary Record, Supplemental Security Record, and interactive computation earnings data to produce insured status calculations.
 - Master Beneficiary and Supplemental Security Records to determine whether the individuals were receiving benefits.
 - Numident to determine when individuals were enumerated and what their citizenship status was at the time of enumeration and after.
 - Master Earnings File to identify the type of earnings each individual earned, posting source codes, and names and addresses of employers.
 - Social Security Number Application Process, Enumeration Application Retrieval Screen to retrieve SSN applications and Numident record updates completed after August 29, 2009.

¹ A segment represents one-twentieth of SSA's Modernized Enumeration System. The Modernized Enumeration System is separated into 20 segments based on the last 2 digits of the Social Security number. Since these last digits are not specific to a region or period of issuance, each segment should be representative of the entire file.

- To determine whether the sample population met the insured status tests, we reviewed their ages, the number of years they worked, and the amount of wages earned before and after they were assigned a work-authorized Social Security number.
- To determine whether the wages posted before enumeration made them eligible for, or increased, their Social Security benefits, we assumed these individuals met the criteria for disability benefits as of June 2017. (At the time of our review, none of the sampled individuals had applied for benefits.)

We conducted this audit at the Philadelphia Audit Division, Philadelphia, Pennsylvania, from March through December 2018. We tested the data obtained for our audit and determined they were sufficiently reliable to meet our objective. The entities reviewed were the Offices of the Deputy Commissioner for Operations, Office of Public Service and Operations Support, and Deputy Commissioner for Systems, Applications and Supplemental Security Income 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 C – AGENCY COMMENTS



SOCIAL SECURITY

MEMORANDUM

Date: July 11, 2019 Refer To: S1J-3

To: Gail S. Ennis
Inspector General

Stephanie Hall

From: Stephanie Hall
Acting Deputy Chief of Staff

Subject: Office of the Inspector General (OIG) Draft Report, "Individuals with Earnings Before Receiving Work-Authorized Social Security Numbers" (A-03-16-50132) -- INFORMATION

Thank you for the opportunity to review the draft report. We appreciate OIG's recognition of our ongoing efforts and success in complying with the *Social Security Protection Act of 2004*, and we concur with the recommendation to remind our employees to follow proper procedures when manually adding wages to individuals' earning records.

Please let me know if we can be of further assistance. You may direct staff inquiries to Trae Sommer at (410) 965-9102.

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