

Office of the Inspector General

September 19, 2000

William A. Halter
Deputy Commissioner
of Social Security

Inspector General

Procedures for Verifying Evidentiary Documents Submitted with Original Social Security Number Applications (A-08-98-41009)

The attached final report presents the results of our audit. Our objective was to determine whether the Social Security Administration's procedures for examining evidentiary documents are effective in ensuring the proper assignment of original Social Security numbers by field offices.

Please comment within 60 days from the date of this memorandum on corrective action taken or planned on each recommendation. If you wish to discuss the final report, please call me or have your staff contact Steven L. Schaeffer, Assistant Inspector General for Audit, at (410) 965-9700.

James G. Huse, Jr.

Attachment

**OFFICE OF
THE INSPECTOR GENERAL**

SOCIAL SECURITY ADMINISTRATION

**PROCEDURES FOR VERIFYING
EVIDENTIARY DOCUMENTS
SUBMITTED WITH ORIGINAL
SOCIAL SECURITY
NUMBER APPLICATIONS**

September 2000

A-08-98-41009

AUDIT REPORT



EXECUTIVE SUMMARY

OBJECTIVE

The objective of the audit was to determine whether the Social Security Administration's (SSA) procedures for examining evidentiary documents are effective in ensuring the proper assignment of original Social Security numbers (SSN) by field offices (FO).

BACKGROUND

One of the key elements SSA employs to effectively administer the Nation's Social Security system is the SSN. SSA refers to the process of assigning SSNs to United States workers and Social Security beneficiaries as enumeration.¹ The magnitude of SSA's enumeration area and the importance placed on SSNs in today's society provides a tempting motive for many unscrupulous individuals to fraudulently acquire a SSN and use it for illegal purposes.

In May 1999, we issued a Management Advisory Report (MAR), *Using Social Security Numbers to Commit Fraud* (A-08-99-42002), in which we outlined the role SSNs play in the commission of identity fraud crimes. In that report, we also described several SSN fraud cases that highlighted some of the vulnerabilities in SSA's enumeration process, including vulnerabilities within SSA's document verification process. In response to that report, SSA confirmed its continued strong commitment to eliminating opportunities for fraud in the Agency's enumeration process. Additionally, the Commissioner of Social Security stated the Agency had "... begun a thorough reevaluation of our direction and progress in making planned enhancements to the enumeration process." The Commissioner further stated "The Agency's ultimate goal is to prevent fraud. Essential to that goal is ending SSA's dependence on documents which might be forged or misused by the dishonest in a fraudulent attempt to acquire an SSN."

SSA has implemented and is planning several initiatives designed to address the use of fraudulent documents in obtaining SSNs. For example, SSA is negotiating the Enumeration at Entry program with the United States Immigration and Naturalization Service (INS) and the United States Department of State. Under this program, INS and the State Department will collect enumeration data from aliens entering the United States. This report serves as a sequel to the MAR, provides additional recommendations, and reaffirms some previous recommendations that we believe will improve the integrity of SSA's enumeration process.

¹ The enumeration area also includes the issuance of replacement cards to people with existing numbers and verification of SSNs for employers and other Federal agencies.

SCOPE AND METHODOLOGY

From September 1, 1997 through February 28, 1998, SSA assigned 2.66 million original SSNs. To accomplish our objectives, we obtained a data extract from SSA's Modernized Enumeration System (MES) Transaction History File of original SSNs the Agency assigned during the 6-month period. From this universe, we identified addresses to which SSA sent 10 or more SSN cards. This population totaled 1,448 addresses and 35,209 SSN cards. We then selected a sample of 90 addresses to which SSA sent 5,385 SSN cards. Due to time constraints, we only reviewed 3,557 of the SSNs sent to these locations. For each of the selected SSNs, we attempted to obtain independent verification of the evidence presented.

As part of this audit, we also visited 11 SSA FOs to observe and discuss documentation verification procedures. Additionally, we reviewed relevant laws, regulations and SSA policies related to SSA's enumeration process.

RESULTS OF REVIEW

Of the 3,557 original SSNs we reviewed, 999 (28 percent) were based on invalid/inappropriate evidentiary documents. As such, these SSNs should not have been assigned. We acknowledge this sample was neither statistically selected nor indicative of the percentage of possible errors within the universe of 2.66 million original SSNs assigned during the audit period. However, the results of our review provide insight regarding significant vulnerabilities within SSA's enumeration system. Despite SSA's efforts to address these vulnerabilities, the Agency's controls do not prevent individuals from improperly attaining SSNs with fraudulent evidentiary documents.

It is uncertain how the 999 improperly obtained SSNs have been used. However, we know that 387 (39 percent) of the number holders have used the SSNs to work in the United States, reporting over \$4.4 million in earnings. We found no earnings posted to the remaining 612 (61 percent) SSNs. Therefore, these individuals improperly attained the SSNs for other purposes. We presume identity fraud is at the top of the list.

Given the technological advances in today's society, motivated individuals counterfeit official documents with surprising accuracy. To effectively combat these criminals and reduce the occurrences of fraudulent SSN attainment, SSA must employ effective front-end controls in its enumeration process. As noted by Congress and other Federal agencies, the SSN plays an integral role in the commission of identity fraud crimes. Unfortunately, once a SSN is assigned, regardless of whether it is later learned the SSN was fraudulently obtained, the number can be used as a "breeder document" to commit further crimes. Therefore, detecting fraudulent SSN applications and evidentiary documents *before* the SSNs are assigned is an essential step in reducing the number of identity fraud crimes.

As we reported in our MAR, we understand the Agency has a difficult task in balancing customer service and security. However, we believe the Agency has a duty to the American public to safeguard the integrity of SSNs. With the increased incidences of SSN misuse and the significant societal impact of these cases, we believe it would be more responsible for the Agency to err in favor of security rather than quick service. We understand the implications of such measures and acknowledge the strides SSA has already made to address this issue. However, as we have previously reported and as evidenced by this report, we believe additional controls should be implemented.

IMPROVED PROCEDURES ARE NEEDED FOR DETECTING FALSE DOCUMENTS PRESENTED WITH SSN APPLICATIONS

Of the 3,557 SSNs we reviewed, SSA assigned 999 (28 percent) based on invalid/unacceptable evidentiary documents. Specifically, these SSN applicants presented false or inappropriate documents to provide evidence of their age, identity, United States citizenship or legal alien status. The invalid documents included INS forms that INS reported to us it had

- never issued,
- issued to individuals other than the SSN applicants, or
- issued with different alien classifications than shown on the documents provided to SSA.²

Additionally, SSA assigned unrestricted numbers (that is, work authorized SSNs) to noncitizen applicants who INS reported did not have the required work authorization. Finally, SSA assigned SSNs to applicants whose United States birth certificates were counterfeit.

We believe these occurrences indicate significant weaknesses within SSA's document verification process that must be addressed to reduce the frequency of SSN misuse cases. Based on our observations at SSA FOs and our analysis of the selected SSNs, we identified the following vulnerabilities that may have resulted in the acceptance of invalid evidentiary documents.

- SSA employees do not have adequate tools (for example, real-time on-line verification mechanisms) to determine the validity of evidentiary documents.

² We did not determine the reliability of information provided by INS, the State Department or respective State Bureaus of Vital Statistics.

- Current MES controls do not prevent the assignment of SSNs in certain suspect circumstances (for example, multiple SSN cards sent to common addresses, parents claiming to have had an improbably large number of children).³
- SSA's emphasis on customer service discourages personnel from employing security measures that might detect fraudulent documents.

CONCLUSIONS AND RECOMMENDATIONS

As we outlined in our MAR, we believe SSA must make both philosophical and procedural changes to ensure the integrity of the enumeration function. We recognize these recommendations may affect the amount of time necessary to process original SSN applications. However, if SSA intends to fully address the issues of fraudulent SSN attainment and use, we believe these are investments the Agency should make.

We recommend that SSA:

- Obtain independent verification from the issuing agency for all alien evidentiary documents before approving the respective SSN applications, until the Enumeration at Entry program is implemented.
- Accelerate negotiations with INS and the State Department to implement the Enumeration at Entry program. Once implemented, all non-citizens should be required to obtain their SSNs by applying at one of these Agencies.
- Give credit for fraud detection and development in measuring the performance of FOs and their employees.
- Continue efforts and establish an implementation date for planned system controls that will interrupt SSN assignment when multiple cards are mailed to common addresses not previously determined to be legitimate recipients (for example, charitable organizations) and/or when parents claim to have had an improbably large number of children.
- Study the impact of requiring SSN applicants to either provide an actual street address (that is, do not accept Post Office boxes) or pick up their SSN cards at the closest SSA FO.
- Propose legislation that disqualifies individuals who improperly attain SSNs from receiving work credits for periods that they were not authorized to work or reside in the United States.

³ SSA has formed a workgroup whose mission is to identify MES enhancements that would address these circumstances. As of March 2000, the workgroup was still working to implement proposed improvements.

Recommendations 1 and 2 were also in our previous MAR. We are including them in this report because we either disagree with SSA's final response to the Recommendation or believe SSA should repeat the action. Our justifications are presented in the following paragraphs.

In response to Recommendation 1, SSA stated that obtaining independent verification of every document presented by an alien before assigning an SSN is unnecessary, too burdensome, and would delay the receipt of SSNs for most legitimate applicants. Instead, SSA stated it would work with INS to reduce the delay in verifying the documents on-line. SSA stated its document verification procedures were adequate. We believe SSA should reconsider its response to this Recommendation. We recognize this corrective action would increase SSA and INS' workloads and result in the delay of SSN cards for many legitimate applicants. Unfortunately, the Agency has presented no alternative remedy that could timely and adequately address the issue of fraudulent alien documents presented with SSN applications. Additionally, we believe a delay in the receipt of SSNs for many noncitizens will be inevitable under the Enumeration at Entry program, unless INS makes extensive changes in its processes. In summary, based on the results of this review, we continue to believe the vulnerabilities within SSA's enumeration system are significant. As such, we believe this investment is essential to ensure the future integrity of the SSN and Social Security system.

In response to Recommendation 2, on August 13, 1999, the Commissioner of SSA issued a letter to the Commissioner of INS. This letter requested INS' cooperation in implementing the Enumeration at Entry program. SSA's Commissioner outlined the magnitude of the issue and encouraged the INS Commissioner to execute the necessary Memorandum of Understanding (MOU). To our knowledge, INS has not responded to the letter and has not signed the MOU.

AGENCY COMMENTS

In its response to our report, SSA stated it shared our commitment to eliminating opportunities for SSN fraud. SSA pointed out that, as a result of our May 1999 MAR, it had already undertaken several initiatives to strengthen its SSN fraud prevention measures. SSA stated it viewed the Office of the Inspector General (OIG) findings very seriously and agreed it must remain vigilant in situations where multiple SSN cards are issued to a common address. However, the Agency did caution that it would be inappropriate to extrapolate the findings to the larger universe of SSN card recipients. Specifically, SSA pointed out that the 90 addresses reviewed were not randomly selected, and some were specifically reviewed because of the appearance of suspect circumstances.

To combat our concerns regarding evidentiary documentation, SSA stated it is developing a long-term solution. Although the Agency agrees with the intent of our recommendations, for the long-term, SSA believes systems enhancements, rather than

independent verifications, will provide the most benefit. SSA's comments on specific report recommendations are as follows.

SSA agreed to accelerate negotiations with INS and the State Department to implement the Enumeration at Entry program (Recommendation 2). In fact, SSA, INS, and the Office of Management and Budget met June 16, 2000 to resolve any remaining concerns INS had so the program may be implemented may occur. SSA also agreed to establish an implementation date for planned system improvements that interrupt SSN assignment in certain suspect circumstances. Because of the nature of the data base building and revision that will be required, SSA expects to have these controls in place by April 2002.

SSA is also developing better methods of tracking fraud detection and development activities that will support establishing workload credit for this activity (Recommendation 3). The Allegation Management System (AMS) will track fraud referrals and will provide accurate workload counts that are needed, in conjunction with future work sampling, to establish time spent on development of fraud cases. SSA plans to implement AMS in October 2001.

SSA disagreed with our recommendation to obtain independent verification from the issuing Agency for all alien evidentiary documents before approving the respective SSN applications, until the Enumeration at Entry program is fully implemented. SSA stated it already verifies with INS all documents for noncitizens applying for SSNs, except documents for noncitizens who have been in the country less than 30 days. The Agency also responded that, while it is committed to reducing fraud, it has an obligation to newly-arrived citizens who have legal authority to work. SSA believes that delaying approval of their SSN applications for 1 to 2 months until INS can verify their applications would result in a grave disservice to these individuals. Instead, the Agency stated that it would continue to work with INS to shorten the lag time needed to update INS systems and have INS collect enumeration data. Additionally, SSA recommended the OIG conduct a statistically-valid follow-up study focusing on the entire population of aliens issued original SSNs.

SSA also disagreed with our recommendation that the Agency study the impact of requiring SSN applicants to either provide an actual street address (that is, do not accept Post Office boxes) or pick up their SSN at the closest FO (Recommendation 5). SSA stated that it had analyzed the issue and concluded that with the postal requirement in many smaller communities that all residences have a postal box, implementation of this recommendation would be targeting and treating unfairly legitimate users of post office boxes. Additionally, SSA responded that, to prevent fraudulent activity relating to post office boxes, in 1998 the Postal Service began requiring photo identification of individuals applying for the boxes. Additionally, in October 1999, the Postal Service implemented a regulation requiring an individual applying to receive mail at a commercial mail receiving agency to provide two forms of identification, one of which must include a photograph of the applicant.

Finally, SSA disagreed with our recommendation to propose legislation that disqualifies individuals who improperly attain SSNs from receiving work credits for periods they were not authorized to work or reside in the United States (Recommendation 6). SSA stated that the legislative proposal would be extremely difficult to administer because SSA cannot, on its own, determine when or if an individual's immigration or work status has changed. SSA believed that these determinations could be made only by INS or in a court.

SSA also provided technical comments that were considered and incorporated, where appropriate, in this final report. The full text of SSA's comments is included in Appendix D.

OIG RESPONSE

We are encouraged by the actions SSA has planned to address three of the six recommendations (Recommendations 2, 3, and 4). Additionally, although the Agency responded that it disagreed with Recommendation 5, we believe SSA completed the proposed action. Specifically, SSA studied the impact of requiring SSN applicants to either provide an actual street address (that is, do not accept Post Office boxes) or pick up their SSN cards at the closest SSA FO. The results of the Agency's analysis indicate that such an action would neither be practical nor beneficial. We accept SSA's conclusion and believe the Agency has adequately responded to our recommendation.

Although we acknowledge SSA's concerns with Recommendations 1 and 6, we do not agree with the Agency's positions. We continue to believe the vulnerability within SSA's enumeration process regarding the possible acceptance of counterfeit alien documents is significant enough to warrant the verification of such documents. Additionally, we believe a delay in the receipt of SSNs for many noncitizens will be inevitable under the Enumeration at Entry program, unless INS makes extensive changes in its processes. In its response, SSA requested that the OIG conduct a statistically valid follow-up study to determine the extent of potential fraud in the entire population of SSNs issued to aliens. We believe SSA's focus should be on developing a corrective action plan to address this fraud vulnerability. A study would complement a corrective action plan only if it addressed specific weaknesses in its process rather than solely determining the extent of potential fraud. In our view, the recommendations included in this report and our previous MAR⁴ satisfactorily address the specific weaknesses identified in SSA's procedures for verifying evidentiary documents. As such, another study would be redundant. Once again, we encourage SSA to reconsider its response to Recommendation 1.

⁴ *Using Social Security Numbers to Commit Fraud* (A-08-99-42002), May 1999.

We also disagree that the implementation of our legislative proposal would be extremely difficult to administer. It is our view that it is the responsibility of the number holder to amend their SSN record if he or she subsequently became eligible to reside and/or work in the United States. In summary, we believe that if the holder of a fraudulently attained SSN applies for SSA benefits, he or she should be required to prove that they have sufficient work credits as a *legal* worker in the United States before those benefits are approved. We also encourage SSA to reconsider its response to Recommendation 6.

TABLE OF CONTENTS

	Page
INTRODUCTION	1
RESULTS OF REVIEW	7
IMPROVED PROCEDURES ARE NEEDED FOR DETECTING FALSE DOCUMENTS PRESENTED WITH SSN APPLICATIONS	8
▪ What Are Some Examples of Improperly Attained SSNs?	9
▪ How Are Fraudulent Documents Slipping Through the System?	14
CONCLUSIONS AND RECOMMENDATIONS	18
APPENDICES	
APPENDIX A – Evidentiary Documents Submitted with Original Social Security Number Applications	
APPENDIX B – Sample Selection Methodology and Review Steps	
APPENDIX C – Field Offices Visited	
APPENDIX D – Agency Comments	
APPENDIX E – OIG Contacts and Staff Acknowledgements	
APPENDIX F – SSA Organizational Chart	

INTRODUCTION

OBJECTIVE

The objective of the audit was to determine whether the Social Security Administration's (SSA) procedures for examining evidentiary documents are effective in ensuring the proper assignment of original Social Security numbers (SSN) by field offices (FO).

BACKGROUND

One of the key elements SSA employs to efficiently administer the Nation's Social Security system is the SSN. As mandated in 1935 by title II of the Social Security Act, SSA must maintain records of wage amounts that employers pay to individuals. To facilitate this responsibility, in 1936, SSA created SSNs as a method of maintaining individual earnings records and issued workers cards as a record of their SSN. SSA refers to the process of assigning SSNs to United States workers and Social Security beneficiaries as enumeration.

SSA statistics show that approximately 277 million individuals have SSNs. The magnitude of the enumeration area and the importance placed on SSNs today provide a tempting motive for many unscrupulous individuals to fraudulently acquire a SSN and use it for illegal purposes. Almost every day, national and local news organizations report on crimes that are committed using stolen or fraudulent SSNs. These crimes not only affect the Government's ability to administer programs, they affect individual citizens' attempts to receive and maintain satisfactory credit ratings as well as obtain other Federal and private benefits.

In May 1999, we issued the Management Advisory Report (MAR), *Using Social Security Numbers to Commit Fraud*, in which we outlined the role SSNs play in the commission of identity fraud crimes. In that report, we also described several SSN fraud cases that highlighted some of the vulnerabilities in SSA's enumeration process, including vulnerabilities within SSA's document verification process. In response to that report, SSA confirmed its continued strong commitment to eliminating opportunities for fraud in the Agency's enumeration process. Additionally, the Commissioner of Social Security stated the Agency had ". . . begun a thorough reevaluation of our direction and progress in making planned enhancements to the enumeration process." The Commissioner further stated "The Agency's ultimate goal is to prevent fraud. Essential to that goal is ending SSA's dependence on documents which might be forged or misused by the dishonest in a fraudulent attempt to acquire an SSN."

This report serves as a sequel to the MAR, provides additional recommendations, and reaffirms some previous recommendations that we believe will improve the integrity of SSA's enumeration process.

HOW DOES SSA ASSIGN ORIGINAL SSNs?

When an individual applies for an original SSN, he or she must first complete, sign and submit an *Application for a Social Security Card* (Form SS-5) to an SSA FO.^{1,2} SSA requires the applicant to provide acceptable documentary evidence of (1) *age*, (2) *identity*, and (3) *United States citizenship or lawful alien status*.³ Appendix A contains more detailed information regarding the types of documents permitted as evidence. Upon submission, the FO employee then enters applicant information and a description of the evidence presented into the Modernized Enumeration System (MES).⁴

If, after reviewing the application and supporting evidentiary documentation, the employee believes the documents and information are valid, he or she *certifies* the application for overnight validation.⁵ Once entered and certified in MES, the SSN application undergoes numerous automated edits. For example, SSA programs compare the applicant's name and date of birth with existing SSN records to ensure the Agency has not previously assigned a SSN to the individual. If the application passes all of these edits, MES issues a SSN card. The following illustration provides a general overview of this process.

¹ Most applicants may either mail the application and supporting documents to an SSA FO or personally visit the office. However, according to SSA's Programs Operations Manual System (POMS), sections RM 00202.055A and RM 00203.001A, if the individual is age 18 or over, he or she must present the application in person and must participate in an interview with FO personnel.

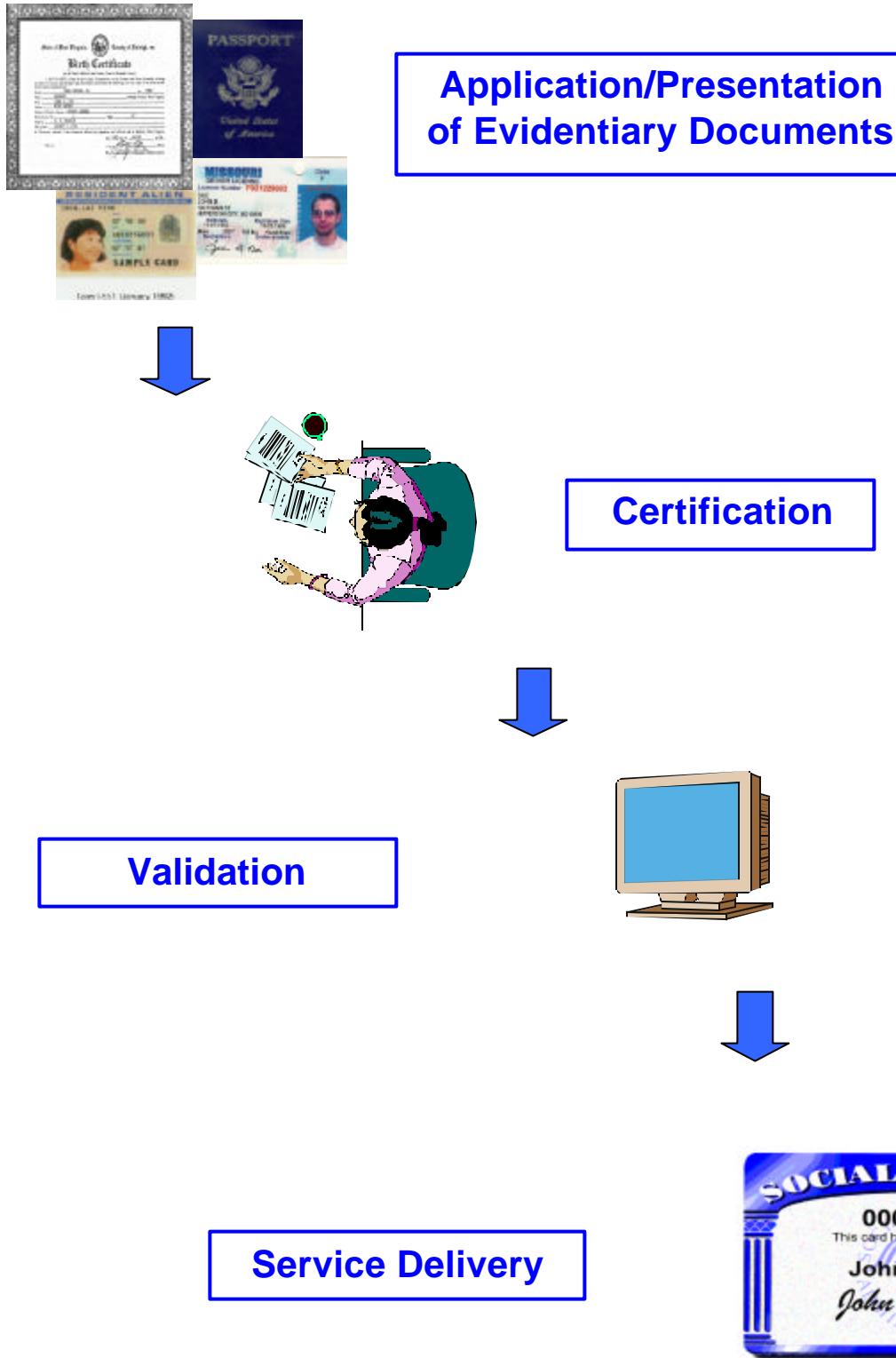
² POMS, section RM 00202.001A.

³ POMS section RM 00203.001A.

⁴ POMS section RM 00202.255 and Modernized System Operations Manual Chapters 301-C-5 and 302-A-6.

⁵ POMS section RM 00202.260A.

Illustration 1: How Does SSA Assign Original SSNs?



HOW DOES SSA VERIFY EVIDENTIARY DOCUMENTS?

In examining evidence, SSA guidelines encourage employees to compare documents provided by SSN applicants with characteristics of valid documents and to be alert for alterations and erasures.⁶ SSA has equipped employees with certain tools with which they can verify the validity of documents. Specifically, SSA provides employees copies of guides that provide examples of authentic documents, such as the *Administrative Confidential Memorandum* for documents issued by the United States Immigration and Naturalization Service (INS). SSA guidelines require personnel to reference the guide and then view INS documents under a black light to ascertain whether they conform to the special identification checkpoints and fluoresce.⁷

If an alien has been in the United States for 30 or more days, SSA policies require the use of another mechanism to verify documents. Specifically, each FO must verify INS documents submitted via INS' Systematic Alien Verification for Entitlements (SAVE) system.⁸ Each FO has online access to SAVE's Alien Status Verification Index (ASVI) database. When INS has assigned the applicant an alien registration number (or "A" number), FO personnel enter the "A" number in ASVI. They then compare the data INS has on record for the individual with information provided by the SSN applicant (that is, the applicant's status in the United States). When the alien does not have an "A" number, FO personnel complete a paper form and mail it to INS for verification of the INS document and INS information regarding the individual's status. When the INS response is returned, the information provided by INS is compared to the information provided by the SSN applicant.⁹

If through any of these examinations, a question arises regarding the validity of the documents, SSA requires personnel to enter the application in MES and code the evidence blocks with either an "S" for suspect documents or an "F" for known fraudulent documents. These indicators will prevent the processing of subsequent SSN applications by the applicant, whether submitted to the same or a different FO. A suspect application will remain pending on MES until either the issuing Agency verifies the evidence and FO personnel clear the application or 120 days passes—at which time the application is deleted. If the issuing Agency reports that the evidence is fraudulent, FO personnel change the code from "S" to "F," and MES add the application to the disallowed file where it is permanently maintained.¹⁰

⁶ POMS section RM 00203.040.

⁷ POMS section RM 203.720.

⁸ The INS ASVI database is commonly referred to as only "SAVE," we have used this term throughout the remainder of this audit report.

⁹ POMS section RM 00203.740.

¹⁰ POMS section RM 00202.237.

WHAT IS SSA DOING TO ADDRESS THE FRAUDULENT ATTAINMENT OF SSNs?

In its annual Strategic Plan, SSA has included the goal of making “SSA program management the best in the business, with **Zero Tolerance for Fraud and Abuse**” (emphasis added). In line with this policy, SSA has implemented several initiatives designed to address the fraudulent attainment of SSNs. Some of the Agency’s current and planned initiatives include the following.

- *Age 18 and Over Procedures:* SSA implemented unique procedures for processing original SSN applications submitted by individuals age 18 years or older. These procedures are designed to locate a previously assigned SSN, if the applicant has one, and prevent the assignment of a SSN to someone assuming a false identity.
- *Collection of Enumeration Data by INS and the State Department:* SSA, INS and the United States Department of State are working on agreements that will enable INS and the State Department to collect enumeration data from aliens entering the United States. Although SSA will still process the SSN applications, the Agencies believe this initiative will significantly reduce the possibility of SSA accepting counterfeit documentation and will eliminate duplicate contacts that aliens now must make to obtain SSNs.
- *Comprehensive Integrity Review Program:* In March 1999, SSA began using a new version of one of its integrity software programs. Among other features, the automated system identifies instances in which five or more SSN cards are sent to the same address within a 5-week period. This system generates alerts to the SSA FOs for preliminary investigation.
- *SSA Access to State Records On-line:* SSA is working with States through the National Association of Public Health Statistics and Information Systems to allow FOs on-line access to State vital records data. Implementation of this initiative is contingent on obtaining agreements with all of the States and jurisdictions first for accessing in-State data and then separate agreements so data can be shared across State lines. However, once implemented, FOs will be able to verify all United States birth certificates presented with SSN applications.
- *Access to INS' Nonimmigrant Index System (NIIS):* SSA and INS are working to provide all FOs on-line access to INS' NIIS. This system will allow SSA personnel to verify documents submitted by non-immigrants. Currently, SSA can only verify documents submitted by immigrants with alien registration numbers through SAVE.
- *More Preventive Controls Within MES:* In response to the OIG MAR, SSA established a workgroup tasked with identifying enhancements that could be made in MES to address two fraud-prone situations: (1) when parents allege having an improbably large number of children and (2) when SSA sends a large number of SSN cards to the same address. As of March 2000, the workgroup was working to finalize and implement its recommendations.

SCOPE AND METHODOLOGY

To accomplish our objectives, we selected 90 addresses to which SSA sent 5,385 *original* SSN cards between September 1, 1997, and February 28, 1998. To select the sample, we obtained a data extract from SSA's MES Transaction History File. SSA assigned 2.66 million original SSNs during the 6-month period. From this universe, we identified addresses to which SSA sent 10 or more SSN cards. This population totaled 1,448 addresses and 35,209 SSNs. We then selected 90 addresses and 3,557 of the 5,385 SSNs sent to these locations. For each of the selected SSNs, we attempted to obtain independent verification of the evidence presented. More specific descriptions of our sample selection methodology and review steps are contained in Appendix B.

We also visited 11 SSA FOs to observe and discuss documentation verification procedures (Appendix C). We selected these FOs because they processed SSN applications for some of the addresses appearing in our population. Additionally, we selected six of the offices because they had a large alien customer base.¹¹

We reviewed relevant laws, regulations and policies related to SSA's enumeration and document verification process. We performed our audit work at SSA Headquarters in Baltimore, Maryland, and the SSA FOs listed in Appendix C. We completed our audit field work between April 1998 and February 2000.¹² We conducted our audit in accordance with generally accepted government auditing standards.

¹¹ Because many of the SSNs appearing in our sample were for alien applicants, we wanted to discuss and observe the FOs procedures for verifying INS evidentiary documents.

¹² Our audit work was delayed because it took INS 1 year to verify the validity of documents submitted by approximately 1,400 of the SSN applicants in our sample.

RESULTS OF REVIEW

Of the 3,557 original SSNs we reviewed, 999 (28 percent) were based on invalid/inappropriate evidentiary documents. As such, these SSNs should not have been assigned. We acknowledge that this sample was neither statistically selected nor indicative of the percentage of possible errors within the universe of 2.66 million original SSNs assigned during the audit period. Nevertheless, the results of our review provide insight regarding significant vulnerabilities within SSA's enumeration system. Despite SSA's efforts to address these vulnerabilities, its controls do not prevent the improper attainment of SSNs with fraudulent evidentiary documents.

It is uncertain exactly how the 999 improperly obtained SSNs have been used. However, we know 387 (39 percent) of the number holders have used the SSNs to work in the United States, reporting over \$4.4 million in earnings. We found no earnings posted to the accounts of the remaining 612 (61 percent) SSNs. Therefore, these individuals improperly attained the SSNs for other purposes. We presume identity fraud is at the top of the list.

Given the technological advances in today's society, motivated individuals can counterfeit official documents with surprising accuracy. To effectively foil the efforts of these individuals and reduce the occurrences of fraudulent SSN attainment, SSA must employ effective front-end controls in its enumeration process. As noted by Congress and other Federal agencies, the SSN plays an integral role in the commission of an identity fraud crime. Unfortunately, once a SSN is assigned, regardless of whether it is later learned the SSN was fraudulently obtained, the number can be used as a "breeder document" to commit further crimes. Therefore, detecting fraudulent SSN applications and evidentiary documents *before* the number is assigned is an essential step in reducing the number of identity fraud crimes.

As we reported in our MAR, we understand the Agency has a difficult task in balancing customer service and security. However, we believe the Agency has a duty to safeguard the integrity of SSNs. With the increased incidences of SSN misuse and the significant societal impact of these cases, we believe it would be more responsible for the Agency to err in favor of security rather than quick service, particularly in cases that have a high vulnerability for fraud (for example, alien documents.) We understand the implications of such measures and acknowledge the strides SSA has already made to address this issue. However, as we have previously reported and as evidenced by this report, we believe additional controls should be implemented.

IMPROVED PROCEDURES ARE NEEDED FOR DETECTING FALSE DOCUMENTS PRESENTED WITH SSN APPLICATIONS

Of the 3,557 SSNs reviewed, SSA assigned 999 (28 percent) based on invalid/unacceptable evidentiary documents. As shown in the following Table, these documents included INS forms that INS reported it (1) never issued, (2) issued to individuals other than the applicable SSN applicants, or (3) issued with a different alien classification than shown on the document provided to the SSA FO. Additionally, SSA assigned SSNs to non-citizen applicants who INS reported did not have required work authorization documents. Finally, SSA assigned SSNs to applicants whose United States birth certificates were not authentic.

Table 1: Summary of Invalid Documents

<i>Category of Invalid/Inappropriate Documents</i>	<i>Number of SSNs</i>
<i>Alien Registration Number Presented to SSA Never Issued by INS</i>	165 ¹³
<i>Alien Registration Number Presented By SSN Applicant Belonged to Another Person</i>	208 ¹⁴
<i>INS Has Either No Record of Alien Applicant's Entry to the United States or No Record of Entry at the Time of SSN Application</i>	381
<i>INS Records Indicate the Applicant Entered the United States With A Different Status Than Shown on the Documents Presented (that is, as a Non-immigrant Visitor Not Allowed to Work/Receive a SSN)</i>	58
<i>INS Records Indicate the Applicant Never Obtained Employment Authorization Required to Qualify for SSN</i>	131
<i>State Bureau of Vital Statistics Records Could Not Authenticate Applicant's Birth Certificates</i>	56
<i>TOTAL</i>	999

¹²These alien registration numbers were verified through SAVE. We did not request that INS check other files the Agency may have.

¹⁴ These alien registration numbers were also verified through SAVE. We did not request that INS check other files the Agency may have.

What Are Some Examples of Improperly Attained SSNs?

Although we did not focus on SSNs assigned to non-citizens when selecting our sample, 86 of the 90 addresses selected received SSNs almost entirely for non-citizens. Accordingly, most cases of improperly attained SSNs involved counterfeit INS documents. Additionally, we encountered two employee fraud schemes as well as parents applying for SSNs on behalf of non-existent children. The following sections provide general descriptions of some of the categories of applicants and resulting cases.

Non-immigrant Applicants

Non-immigrants are citizens of other countries who are temporarily authorized to be in the United States for a specific purpose. Depending on their class of admission, some may be permitted to work while they are in the United States. As such, SSA personnel must review INS "admission classifications" to determine whether non-immigrants are eligible for a SSN. INS agents typically hand write this information on an *Arrival/Departure Record* (I-94). All aliens legally entering the United States complete an I-94. After an entry interview, an INS agent places an admission stamp on the I-94 then initials, dates, and, for non-immigrants, writes the alien's admission class on the document.

Exhibit 1: I-94, Arrival/Departure Record

Because I-94s (1) are issued to all aliens and widely available, (2) contain no identification elements (for example, picture), and (3) have only an INS admission stamp and the agent's handwritten assertion as to the alien's admission class, the documents are easily counterfeited. SSA has no instantaneous method of determining the validity of these documents other than through visual inspection. As evidenced through the following cases, visual inspection is not always sufficient to detect fraudulent I-94s and thereby prevent the assignment of SSNs to ineligible applicants.

The image shows a sample I-94 form. At the top, it says "Departure Number" followed by "502465729 00". Below that is the "Immigration and Naturalization Service" logo. Underneath is the "I-94 Departure Record" label. The form contains several fields for personal information: "14. Family Name", "15. First (Given) Name", "16. Birth Date (Day Mo. Yr)", and "17. Country of Citizenship". At the bottom left, it says "See Other Side" and at the bottom right, it says "STAPLE HERE". A large, diagonal "Sample" watermark is overlaid across the entire form.

- 289 University Students Presented Invalid Documents. During our audit period, SSA sent SSN cards to 369 individuals, many of whom claimed to be non-immigrant students of 1 university, to 10 locations in a major west coast city. Some of these locations were apartments where up to 70 people received their cards. We attempted to verify the evidence submitted with 307 of these SSNs (SSA did not record evidence descriptions in MES for the remaining 62 SSN applications). Of those reviewed, INS reported that 289 (94 percent) of the documents presented to SSA personnel were invalid. In fact, some of the SSN applicants in this case used copies of the same blank counterfeit I-94 and filled in different identifying information. Even more disturbing is that between April 1, 1998, and September 30, 1999, SSA sent another 1,303 SSN cards to these addresses. We have not attempted to verify the validity of the evidence submitted with these SSNs. However, given the high error rate (94 percent) of those previously sent to these addresses, we believe many of these SSNs also may have been assigned as a result of fraudulent documents. We have referred this case to our Office of Investigations.
- 145 SSN Applicants Presented Invalid Documents. During our audit period, SSA sent original SSN cards to 198 individuals, most of whom claimed to be non-immigrants, at 11 locations in a large metropolitan area on the east coast. Again, several of these locations were apartments where up to 32 people received their SSN cards. We attempted to verify the evidence submitted with 150 of the SSNs (SSA did not record adequate evidence descriptions in MES for the remaining 48 SSN applications.) Of those reviewed, INS reported that 145 (97 percent) of the documents presented to SSA were invalid. SSA assigned an additional 191 SSNs to these addresses during a subsequent 18-month period.
- Large Religious Organization Received SSNs Obtained With Invalid Documents. One address in a southern State, the headquarters of a large religious organization, received 79 SSNs during our audit period. INS could not determine the admission class for 20 of these individuals and the evidence descriptions for another 5 applications were not sufficient for us to verify. However, of the remaining 54, INS reported that 20 (37 percent) of the individuals either had (1) no INS record when they applied for a SSN (that is, they were not in the country legally) or (2) entered the country as a visitor not authorized to work. Contrary to INS records, the I-94s these individuals presented to SSA contained admission classes stating they were religious workers authorized to work. As such, we assumed the documents were not authentic. SSA sent an additional 179 SSN cards to this address during a subsequent 18-month period.

Immigrant Applicants

An immigrant is an alien who has been lawfully afforded the privilege of residing permanently in the United States. In general, INS issues lawfully admitted for permanent residence (LAPR) aliens I-551s, *Permanent Resident Cards*, commonly referred to as "green cards." The I-551 contains a picture of the LAPR and several other security features, including a fingerprint and a unique alien registration number.

INS also frequently issues temporary I-551s as evidence of immigrant status until permanent cards are received. As with non-immigrants, this temporary document is typically just a stamp in the alien's passport or on an I-94. Additionally, on temporary I-551s, the responsible INS agent writes the alien registration number.

Exhibit 2: I-551 "Permanent Resident Card"

Although SSA has a mechanism intended to verify the validity of the temporary and permanent I-551s, the tool has significant limitations that negate its usefulness. Specifically, all SSA FOs have on-line access to a database within INS' SAVE system. With this database, FOs can enter an alien's registration number and

theoretically determine whether the information alleged by the SSN applicant is valid. However, the system is not a real-time resource. Thus, for many immigrants applying for SSNs, SSA personnel must rely on visual verification to determine the validity of the documents. As shown in the following examples, this visual verification is not always sufficient to detect instances where applicants fabricated INS documentation to secure SSNs.



Form I-551 (January 1992)

- In a small town in a southern State, we identified three Post Office boxes to which SSA sent 43 SSN cards during our audit period. Of these, INS determined that 42 (98 percent) of the documents presented by these individuals were not valid. Specifically, INS never issued 41 of the alien registration numbers the individuals claimed. For the remaining individual, SSA only recorded the I-94 number as an evidence description. INS found no record of this I-94 number or the individual's entry into the United States. During a subsequent 18-month period, SSA issued 90 additional SSN cards to these Post Office boxes. Although we have not verified the validity of the evidence submitted with these applications, given the high error rate (98 percent) of those previously sent to these addresses, we believe many of these SSNs may have been assigned as a result of fraudulent documents. Our Office of Investigations is reviewing this case.
- SSA sent 34 original SSN cards to two addresses in a northern city. All of the individuals presented documents alleging LAPR status. Nevertheless, INS information indicates that documents submitted by 33 (97 percent) of the individuals were invalid. Specifically, INS had not issued 32 of the alien registration numbers shown on these individuals' I-551s. Additionally, one applicant's I-551 listed an alien registration number that INS records indicate actually belongs to another person. SSA issued an additional 66 SSN cards to these addresses between April 1, 1998, and September 30, 1999. Our Office of Investigations is reviewing this case.

- To 1 address on the east coast, SSA issued 34 SSN cards over the audit period. SSA personnel did not record an adequate description of the evidence presented with one application. However, we attempted to verify documents submitted with the remaining 33 SSN applications. Of these, INS data indicated that **all** (100 percent) were obtained with invalid documents. INS had never issued 2 of the alien registration numbers and 31 actually belonged to other people. Our Office of Investigations conducted a preliminary examination of this address. It is located at a commercial facility that rents mailboxes. Unfortunately, when we detected the fraud, the holders of the box no longer rented the mailbox and could not be located. SSA has issued no other SSN cards to this address.

Refugee/Parolee Service Organizations

A refugee is a person who is outside his or her country of nationality and is unable or unwilling to return to that country because of persecution or a well-founded fear of persecution. A parolee is an alien, who appears to be inadmissible to the inspecting INS officer, but is allowed to enter the United States under emergency conditions or when the alien's entry is determined to be in the public interest. Although parolees are required to leave when the conditions supporting their parole cease to exist, they may sometimes adjust their immigration status.

Of the 3,557 SSN applications we reviewed, 2,504 (70 percent) of the individuals presented evidentiary documents alleging refugee or parolee status. SSA issued the resulting SSN cards to 30 addresses (an average of 83 cards per address). Through research, we determined that 28 of these addresses were the offices of charitable organizations (to which SSA sent 2,475 SSNs) that provide assistance to refugees and parolees when they enter the United States. These organizations help refugees/parolees in obtaining necessary documents (for example, INS documents, SSNs) and in finding employment and housing. Additionally, because many newly arrived refugees/parolees do not have permanent addresses, the organizations receive mail on their behalf.

Although 2,397 (97 percent) of the 2,475 SSN cards sent to these Agencies were based on valid documentation, 78 (3 percent) were not. Additionally, we noted that SSA personnel issued another 122 cards for parolees who had not obtained the employment authorization necessary to qualify for an unrestricted SSN card. SSA policies state that employment authorization for parolees, if given, must be shown on an employment authorization document (EAD). However, in these 122 instances, SSA issued work authorized SSN cards even though INS never granted the applicants such permission. In total, SSA assigned 200 SSNs to refugees and parolees in error.

Non-existent Children

SSA sent 56 SSN cards to non-existent children at 7 of the addresses in our sample. In support of their SSN applications, the “parents” or “guardians” of these purported children presented birth certificates, which the relevant States reported were not valid. In 47 (84 percent) of the 56 cases, the applicants presented birth certificates from States other than the State in which they were applying for the SSNs. We believe a contributing factor in the success of these criminals in obtaining SSNs is that FO personnel were less familiar with the appearance of birth certificates from States other than their own.

Exhibit 3: Birth Certificate

Two of the 7 addresses were co-located in 1 major city, and received 20 and 30 of the SSN cards, respectively, for non-existent children. Our Office of Investigations is examining this case and has talked with several of the suspected perpetrators. In general, several individuals posed as the mothers of these 50 non-existent children and presented counterfeit birth certificates to SSA personnel as evidence. In 43 (86 percent) of the 50 cases, the birth certificates were from other States. Although in total they used 12 different aliases, 2 names were used as the mothers of 32 children. MES has no mechanism to detect and prevent the assignment of SSNs when “parents” claim to have had an improbable large number of children. However, an SSA workgroup established in response to our MAR is attempting to implement such a control.



Employee Fraud

Although both of these cases were detected through other means, 2 SSA employees inappropriately processed 39 SSN applications and had the SSN cards sent to 3 of the addresses in our sample. Of the 16 SSN applications we reviewed, the evidentiary documents purportedly submitted with **all** of the applications were invalid. We could not review the remaining 23 SSNs these employees processed because they did not record adequate evidence descriptions.

Our Office of Investigations examined these cases and referred both to the respective United States Attorneys for criminal prosecution. The first employee voluntarily resigned after the United States Attorney declined to prosecute. However, the United States Attorney sought prosecution of the second SSA employee for conspiracy, mail fraud, selling SSN cards, and bribery. The grand jury indictment said the employee sold

more than 300 SSN cards for as much as \$1,400 each during a 3-year period. The employee subsequently entered a guilty plea to one count of bribery. On October 18, 1999, the employee was sentenced to 12 months incarceration, ordered to serve 36 months supervised release, and ordered to pay a \$100 special assessment fee. The employee had previously forfeited to the Government \$12,400 in cash he accepted as a bribe to fraudulently process SSN applications.

Although these employees have been identified and removed from their positions at SSA, the SSNs they assigned are still in circulation. In fact, the number holders have used the 16 SSNs that we reviewed to accumulate \$186,290 in earnings since 1997.

How Are Fraudulent Documents Slipping Through the System?

The occurrences of improperly attained SSNs cited in this report indicate significant weaknesses within SSA's document verification process. To address these weaknesses and realistically reduce the fraudulent attainment and use of SSNs, SSA must have effective front-end controls to identify counterfeit documents. Additionally, SSA must create an environment in which employees are encouraged and supported in their fraud prevention and detection efforts.

Unfortunately, as illustrated in the following excerpt from a *New York Times*, March 9, 2000, article, counterfeit identity documents are all too easy to obtain.

... right now the route to work in the United States is fairly smooth. One reason is that employment laws are easy for illegal immigrants to evade. Workers are required to offer proof of eligibility — a Social Security card and a picture ID. But counterfeits are easily purchased for \$60 to \$80 in this city's [Chicago, Illinois] immigrant neighborhoods, a favorite being a rose-colored resident-alien card, which two immigrants showed to this reporter.

The laminated cards displayed photographs that were accurate but fingerprints the workers said were not theirs. "The birth date isn't mine either, or the signature, although the name is right," said Angel Hernandez Lopez, a 25-year-old Mexican. "For \$80, they do everything," he said of the counterfeiters.

We acknowledge that SSA has some tools with which to detect counterfeit documents (that is, black lights, SAVE). However, these mechanisms are not always sufficient. Based on our observations at SSA FOs and our analysis of the selected SSNs, we identified the following vulnerabilities that may have resulted in the acceptance of invalid evidentiary documents.

- SSA employees are not adequately equipped to verify the validity of evidentiary documents.

- MES controls do not prevent the assignment of SSNs in certain suspect circumstances.
- SSA's emphasis on customer service discourages personnel from employing security measures that might detect fraudulent documents.

Better Tools Needed to Verify Evidentiary Documents

As evidenced by the cases cited in this report, the tools SSA has in place to detect counterfeit documents submitted with SSN applications are not effective. Although the tools include black lights, document guides and INS' SAVE system, much of the verification responsibility falls to FO personnel, who must visually determine the validity of the documents. Despite the training provided these employees, the quality of many counterfeit documents has become too good to visually detect. We are encouraged by the initiatives SSA has planned (for example, on-line access to State Bureau of Vital Statistics data, Enumeration at Entry, access to INS' NIIS). However, some of these initiatives will take several years to implement.

Additionally, despite its presumable value, INS' SAVE program has significant limitations that negate its usefulness. SSA's use of SAVE is intended to provide a method for personnel to verify certain INS documents presented as evidence of lawful immigration status or work authority. However, the system is not a real-time resource and does not provide verification of all INS documents. INS officials acknowledge there is often a significant time lapse between the time an alien enters the country and the time that individual's information is available via SAVE. Because aliens believe they need a SSN to work in the United States, most are anxious to apply for and receive a number soon after entering the country. Therefore, SSA personnel must rely on visual verification to determine the validity of alien documentation. As stated previously, the technological advances available to create fraudulent documents exceed the advances in visual verification, often proving visual verification unreliable.

SAVE also does not provide an online method of verifying INS documents provided by non-immigrants who are temporarily visiting the United States and are not issued an employment authorization document. SSA is working with INS to establish online access to the Agency's NIIS program, which will allow FO personnel to verify information alleged by non-immigrants. However, we suspect SSA will experience similar data input delays with NIIS as the Agency encounters with SAVE. Unfortunately, SSA cannot dictate the speed at which INS enters alien data in its systems.

Better System Controls Needed

The cases cited in our report illustrate several important control weaknesses that exist within SSA's enumeration system. Specifically, MES does not detect and interrupt SSN assignment when (1) multiple SSN cards are sent to a common address and (2) the cumulative number of SSN applications made by a "parent" on behalf of his or her children exceeds a reasonable number. In response to our MAR, SSA established a workgroup whose mission was to determine potential enhancements that could be made to MES that would address these circumstances. We met with the workgroup and have reviewed their preliminary report. We support the group's general suggestions and encourage SSA to adopt these changes.

Fraud Prevention/Detection Needs More Emphasis

As we reported in our MAR, we recognize the sensitive balance SSA must maintain between providing "World Class Service" and ensuring enforcement of its "Zero Tolerance for Fraud" goals. We also acknowledge the two goals are not mutually exclusive. However, we believe SSA has established an environment in which providing quick service to its customers sometimes takes precedent over preventing and detecting fraud. Additionally, we believe that the implementation of these two goals has sent contrasting messages to SSA employees, especially in the FOs.

SSA often measures its FOs' performance in terms of customer service. For example, in its Fiscal Year 2000 Annual Performance Plan, SSA established the following performance indicators that, among other Agency programs, relate to the processing of SSNs.

- Percent of SSA's core business customers rating SSA's overall service as excellent, very good or good — 88 percent;
- Percent of public with an appointment waiting 10 minutes or less — 85 percent.
- Percent of public without an appointment waiting 30 minutes or less — 70 percent.
- Percent of original and replacement SSN cards issued within 5 days of receiving all necessary documentation — 97 percent.

The Agency also established a performance indicator that measures the *Percent of Social Security numbers issued accurately* — 99.8 percent. However, in establishing its success in meeting this goal, the Agency does not test the validity of evidence submitted with SSN applications. Rather, the Agency measures whether (1) multiple SSNs were assigned to the same person without being cross-referenced, (2) one SSN was assigned to multiple individuals, and (3) the applications were entered correctly into MES. Although important, we believe these measures are far from comprehensive.

Although we recognize the public would not be tolerant if customer service was not a top priority, we also believe the Agency has a duty to the public to ensure the integrity of the SSNs it assigns and the programs it manages. Given the increasing number of identity fraud crimes that are reported every day, we believe the public would comprehend the necessity of verifying certain documents (for example, INS documents, out of State birth certificates), even if it did result in a 1 and 2 month delay in receiving their SSN. Future initiatives the Agency plans to implement (that is, Enumeration at Entry) may make this delay a reality for some applicants regardless, especially considering the amount of time it currently takes INS to enter alien data to the same systems it will use to provide enumeration information to SSA.

We understand this philosophy would represent a culture change for the Agency, and the implementation of these changes might affect workload. Nevertheless, we believe that to responsibly address the identity fraud and SSN misuse issues, SSA must adopt strong security measures. Accordingly, we believe the investment will be worthwhile.

CONCLUSIONS AND RECOMMENDATIONS

As we outlined in our MAR, we believe SSA must make both philosophical and procedural changes to ensure the integrity of the enumeration function. We recognize that these recommendations may impact the amount of time necessary to process original SSN applications. Nevertheless, to fully address the issues of fraudulent SSN attainment and use, we believe the Agency needs to implement these changes.

We recommend that SSA:

1. Obtain independent verification from the issuing Agency for all alien evidentiary documents before approving the respective SSN applications, until the Enumeration at Entry program is implemented.
2. Accelerate negotiations with the INS and the State Department to implement the Enumeration at Entry program. Once implemented, all non-citizens should be required to obtain their SSNs by applying at one of these Agencies.
3. Give credit for fraud detection and development in measuring the performance of FOs and their employees.
4. Continue efforts and establish an implementation date for planned system controls that will interrupt SSN assignment when multiple cards are mailed to common addresses not previously determined to be legitimate recipients (for example, charitable organizations) and/or when parents claim to have had an improbably large number of children.
5. Study the impact of requiring SSN applicants to either provide an actual street address (that is, do not accept Post Office boxes) or pick up their SSN at the closest SSA FO.
6. Propose legislation that disqualifies individuals who improperly attain SSNs from receiving work credits for periods that they were not authorized to work or reside in the United States.

We included Recommendations 1 and 2 in our previous MAR. We are including them again in this report because we either disagree with SSA's final response to the recommendation or believe SSA should repeat the action. Our justifications are presented in the following paragraphs.

In response to Recommendation 1, SSA stated that obtaining independent verification of every document presented by an alien before assigning an SSN is too burdensome and would delay the receipt of SSNs for most legitimate applicants. Instead, SSA

stated it would work with INS to reduce the delay in verifying the documents on-line. SSA stated that its document verification procedures were adequate. We believe SSA should reconsider its response to this Recommendation. We recognize this corrective action would increase SSA and INS' workloads and result in the delay of SSN cards for many legitimate applicants. Unfortunately, the Agency has presented no alternative remedy that could timely and adequately address the issue of fraudulent alien documents presented with SSN applications. Additionally, we believe a delay in the receipt of SSNs for many noncitizens will be inevitable under the Enumeration at Entry program, unless INS makes extensive changes in its processes. In summary, based on the results of this review, we continue to believe the vulnerabilities within SSA's enumeration system are significant. As such, we believe this investment is essential to ensure the future integrity of the SSN and Social Security system.

In response to Recommendation 2, on August 13, 1999, the Commissioner of SSA issued a letter to the Commissioner of INS requesting INS' cooperation in implementing the Enumeration at Entry program. SSA's Commissioner outlined the magnitude of the issue and encouraged the INS Commissioner to execute the necessary Memorandum of Understanding. To our knowledge, INS has not responded to the letter and has not signed the Memorandum of Understanding.

AGENCY COMMENTS

In its response to our report, SSA stated that the Agency shared our strong commitment to eliminating opportunities for SSN fraud. SSA pointed out that as a result of OIG's 1999 MAR entitled *Using Social Security Numbers to Commit Fraud*, the Agency had already undertaken a number of initiatives to strengthen its SSN fraud prevention measures. SSA stated that it viewed the OIG findings very seriously and agreed the Agency must remain highly vigilant in situations where multiple SSN cards are issued to a common address. However, the Agency did caution readers of this report that it would be inappropriate to extrapolate the findings to the larger universe of SSN card recipients. Specifically, SSA pointed out that the 90 addresses reviewed were not randomly selected and some were specifically reviewed because of the appearance of suspect circumstances.

To combat the concerns raised in this report regarding evidentiary documentation, SSA stated that it is developing a long-term solution. Although the Agency agrees with the intent of our recommendations, for the long-term SSA believes systems enhancements, rather than independent verifications, will provide the most benefit. SSA's comments on specific report recommendations are as follows.

SSA agreed to accelerate negotiations with INS and the State Department to implement the Enumeration at Entry program (Recommendation 2). In fact, SSA, INS, and the Office of Management and Budget arranged a meeting for June 16, 2000, to resolve any remaining concerns INS has so that implementation may occur. SSA also agreed to continue efforts and establish an implementation date for planned system improvements that interrupt SSN assignment in certain suspect circumstances

(Recommendation 4). Due to the nature of the database building and revision that will be required, SSA expects to have these controls in place by April 2002.

SSA is also developing better methods to track fraud detection and development activities that will support establishing workload credit for this activity (Recommendation 3). The Allegation Management System (AMS) will track fraud referrals and will provide accurate workload counts that are needed, in conjunction with future work sampling, to establish time spent on development of fraud cases. SSA plans to implement AMS in October 2001.

SSA disagreed with our recommendation to obtain independent verification from the issuing Agency for all alien evidentiary documents before approving the respective SSN applications, until such time as the Enumeration at Entry program is fully implemented (Recommendation 1). SSA stated that the Agency already verifies with INS all documents for noncitizens applying for SSNs, except documents for those who have been in the country less than 30 days. The Agency also responded that while it is committed to reducing fraud, SSA has an obligation to newly-arrived citizens who have legal authority to work. SSA believes that delaying approval of their SSN applications for 1 to 2 months until INS can verify their applications would result in a grave disservice to these individuals. Instead, the Agency stated that it would continue to work with INS to shorten the lag time needed to update INS systems and to have INS collect enumeration data. Additionally, SSA recommended that OIG conduct a statistically-valid follow-up study focusing on the entire population of aliens issued original SSNs.

SSA also disagreed with our recommendation that the Agency study the impact of requiring SSN applicants to either provide an actual street address (that is, do not accept Post Office boxes) or pick up their SSN at the closest FO (Recommendation 5). SSA stated that it had analyzed the issue and concluded that with the postal requirement in many smaller communities that all residences have a postal box, implementation of this recommendation would be targeting and treating unfairly legitimate users of post office boxes. Additionally, SSA responded that, to prevent fraudulent activity relating to post office boxes, in 1998 the Postal Service began requiring photo identification of individuals applying for the boxes. Additionally, in October 1999, the Postal Service implemented a regulation requiring an individual applying to receive mail at a commercial mail receiving agency (CMRA) to provide two forms of identification, one of which must include a photograph of the applicant.

Finally, SSA disagreed with our recommendation to propose legislation that disqualifies individuals who improperly attain SSNs from receiving work credits for periods they were not authorized to work or reside in the United States (Recommendation 6). SSA stated that the legislative proposal would be extremely difficult to administer because SSA cannot, on its own determine, when or if an individual's immigration or work status has changed. SSA believed that these determinations could be made only by INS or in a court.

SSA also provided technical comments that were considered and incorporated, where appropriate, in this final report. The full text of SSA's comments is included in Appendix D.

OIG RESPONSE

We are encouraged by the actions SSA has planned to address three of the six recommendations (Recommendations 2, 3, and 4). Additionally, although the Agency responded that it disagreed with Recommendation 5, we believe SSA already completed the proposed action. Specifically, SSA studied the impact of requiring SSN applicants to either provide an actual street address (that is, do not accept Post Office boxes) or pick up their SSN cards at the closest SSA FO. The results of the Agency's analysis indicate that such an action would neither be practical nor beneficial, especially given the Postal Service's recent regulations regarding identity documents required to rent a Post Office box. We accept SSA's conclusion and believe the Agency has adequately responded to our recommendation.

Although we acknowledge SSA's concerns with Recommendations 1 and 6, we do not agree with the Agency's positions. We continue to believe the vulnerability within SSA's enumeration process regarding the possible acceptance of counterfeit alien documents is significant enough to warrant the verification of such documents. Additionally, we believe a delay in the receipt of SSNs for many noncitizens will be inevitable under the Enumeration at Entry program, unless INS makes extensive changes in its processes. In its response, SSA requested that the OIG conduct a statistically valid follow-up study to determine the extent of potential fraud in the entire population of SSNs issued to aliens. We believe SSA's focus should be on developing a corrective action plan to address this fraud vulnerability. A study would complement a corrective action plan only if it addressed specific weaknesses in its process rather than solely determining the extent of potential fraud. In our view, the recommendations included in this report and our previous MAR¹⁵ satisfactorily address the specific weaknesses identified in SSA's procedures for verifying evidentiary documents. As such, another study would be redundant. Once again, we encourage SSA to reconsider its response to Recommendation 1.

We also disagree that the implementation of our legislative proposal would be extremely difficult to administer. It is our contention that it would be the responsibility of the number holder to amend their SSN record if he or she subsequently became eligible to reside and/or work in the United States. In summary, we believe that if the holder of a fraudulently attained SSN applies for SSA benefits, he or she should be required to prove that they have sufficient work credits as a *legal* worker in the United States before those benefits are approved. We also encourage SSA to reconsider its response to Recommendation 6.

¹⁵ *Using Social Security Numbers to Commit Fraud* (A-08-99-42002), May 1999.

APPENDICES

EVIDENTIARY DOCUMENTS SUBMITTED WITH ORIGINAL SOCIAL SECURITY NUMBER APPLICATIONS

Evidence of Age: A birth certificate issued by a State or local Bureau of Vital Statistics, which was established before the applicant reached 5 years of age. The Social Security Administration (SSA) also accepts foreign birth certificates, passports, school records, or military records.¹

Evidence of Identity: An identity document submitted as evidence must be recently issued and provide information so field office personnel can compare its contents with SS-5 data and/or with the applicant's physical appearance. Acceptable identity documents are driver's licenses, passports, school identification cards, marriage or divorce certificates, or military records.²

Evidence of United States Citizenship or Work Authorized Lawful Alien Status: Examples of documents establishing United States citizenship are State or local birth certificates, United States passports, and certificates of naturalization.

According to the SSA's POMS RM 203.400, applicants who allege a foreign place of birth and/or who are not United States citizens must submit evidence supporting either lawful alien status and/or the United States Immigration and Naturalization Service (INS)-granted work authorization. INS issues numerous documents that indicate the status and class of aliens. For example, the I-551, *Permanent Resident Card*, issued by INS establishes the alien as one who was lawfully admitted for permanent residence. An example of an INS document issued to support the lawful alien status for a student, is the I-94, *Arrival/Departure Record*, and the I-20 form, *Certificate for Eligibility for Nonimmigrant Student Status*, which shows the "F-1" (student) class of admission for a student. Also, INS issues numerous documents, which are acceptable as evidence of employment authorization. Some examples of documents that establish work authorization for non-immigrants are the I-94 that has the alien's classification displayed; the "employment authorization" that is shown on an I-94 for a refugee; the annotation on the Form I-20 for certain F-1 students; or the INS *Employment Authorization Document*.

¹ Program Operations Manual System (POMS) section RM 00203.110.

² POMS section RM 00203.200.

SAMPLE SELECTION METHODOLOGY AND REVIEW STEPS

We selected 90 addresses to which the Social Security Administration (SSA) sent 5,385 Social Security numbers (SSNs) between September 1, 1997, and February 28, 1998. In selecting this sample, we obtained a data extract from SSA's Modernized Enumeration System (MES) Transaction History File and identified addresses to which SSA sent 10 or more SSNs during the 6-month audit period. From the resulting universe of 1,448 addresses and 35,213 SSNs, we then selected the 90 addresses. In doing so, we attempted to choose addresses that included a cross section of single-family dwellings, apartments, Post Office boxes, businesses, universities, and service organizations (for example, refugee assistance groups). Additionally, we attempted to select a cross section of addresses to which SSA sent SSN cards for immigrants, non-immigrants, and United States born children. Finally, in some cases, we selected the addresses because there appeared to be suspect circumstances (for example, multiple SSN cards for newborn children going to the same address).

To verify the evidence submitted with SSN applications, we needed either copies or an adequate description of the documents presented. SSA policy does not require the retention of such documents; therefore, we were required to rely on the evidence descriptions recorded by field office personnel. Unfortunately, SSA personnel did not record evidence descriptions in the applicable field within MES for approximately 59 percent of the 5,385 SSNs sent to the selected addresses. However, in many cases field office personnel documented the information on the actual SSN application. SSA maintains copies of these applications in its record storage facility in Boyers, Pennsylvania.

Due to time constraints, we did not review all 5,385 SSN applications. Instead, we selected a sample of 3,927 SSNs SSA sent to the 90 addresses. In doing so, we selected a cross section of applications, including those sent to apartments, Post Office boxes, single-family residences, charitable organizations. Additionally, we selected applications submitted by aliens and United States citizens. However, we found the evidence descriptions field office personnel recorded on 370 of these applications were not sufficient for us to retrospectively determine the validity of the evidence.¹ As a

¹ These 370 applications (9 percent of the 3,927 originally selected) are not indicative of the total number of SSNs within our sample that had inadequate evidence descriptions. Specifically, in selecting the 3,927 SSNs, we performed a cursory review to determine whether SSA had documented adequate evidence descriptions either in MES or on the SS-5s. We attempted to select SSNs that had adequate evidence descriptions. Nevertheless, these 370 were chosen.

result, we further refined our sample and chose the remaining 3,557 SSN applications for our detailed review.

For these 3,557 original SSN applications, we obtained independent verifications of the evidentiary documents from the issuing Agencies. Because SSA does not maintain copies of evidentiary documents presented with SSN applications, we provided the issuing agencies with document *descriptions* recorded by SSA personnel in either MES or on the SSN application. We did not determine the reliability of information provided by INS, the State Department or respective State Bureaus of Vital Statistics. We performed the following steps.

- We compared the information contained in INS' SAVE system with information the applicant provided.
- For non-citizens without alien registration number, we sent INS a listing of the individuals' names, dates of birth, dates of SSN applications, countries of origin and descriptions of the evidence presented. With this information, INS verified the individuals' status in the United States at the time of their SSN applications.
- For United States born children, we contacted the respective State Bureau of Vital Statistics to obtain either a copy of the applicant's birth certificate or a birth certificate verification.²
- For certain applications, we contacted the United States Department of State to verify *Reports of Birth Abroad*.

² Rather than providing us a copy of every birth certificate, some States elected to verify whether the birth certificate information we provided for the applicants was accurate.

FIELD OFFICES VISITED

Tucker, Georgia

Atlanta (Downtown), Georgia

LaGrange, Georgia

Miami (Little Havana), Florida

Miami (Central), Florida

Miami (South), Florida

Miami Beach, Florida

Hollywood, California

San Francisco (Chinatown), California

San Francisco (Civic Center), California

Los Angeles (University Village), California

APPENDIX D

AGENCY COMMENTS

COMMENTS ON THE OFFICE OF INSPECTOR GENERAL (OIG) DRAFT REPORT,
"REVIEW OF THE SOCIAL SECURITY ADMINISTRATION'S PROCEDURES FOR
VERIFYING EVIDENTIARY DOCUMENTS SUBMITTED WITH ORIGINAL SOCIAL
SECURITY NUMBER APPLICATIONS" (A-08-98-41009)

We appreciate OIG's efforts in conducting this review. We share the OIG's strong commitment to eliminating opportunities for Social Security Number (SSN) fraud. As a result of the 1999 OIG Management Advisory Report (MAR), "Using Social Security Numbers to Commit Fraud" (A-08-99-42002), we have already undertaken a number of initiatives to strengthen our SSN fraud prevention measures, many of which are acknowledged in this audit report.

It is important to note we issued approximately 1.14 million original SSN cards to aliens for work and non-work purposes in FY 1998 and approximately 1.16 million in FY 1999. For the purpose of this study, the OIG focused on 3,557 of the 5,385 SSNs sent to 90 of the 1,448 addresses (to which 10 or more SSN cards were sent) from September 1, 1997 through February 28, 1998, and found that 28% (999) were based on invalid/inappropriate evidentiary documents.

Due to the focus on such a small subset, it is important to note that it would be inappropriate for readers of this report to attempt to extrapolate the OIG's findings to the larger universe of SSN card recipients. The 90 addresses reviewed were not randomly selected and some were specifically reviewed because of the appearance of suspect circumstances. The OIG acknowledges the sample reviewed was neither randomly selected nor indicative of the percentage of possible errors within the universe of the 2.66 million original SSN cards assigned during the 6-month audit period.

Nevertheless, we view the OIG's findings very seriously and agree we must remain highly vigilant in situations where multiple SSN cards are issued to a common address. Although this report does not provide any evidence that the questionably obtained SSNs had been used for fraudulent purposes, we are as committed to preventing fraudulent SSN activity as we are to providing superior customer service to our customers. In fact, with the assistance of the OIG, SSA implemented the Comprehensive Integrity Review Process (CIRP) on March 26, 1999. CIRP issues an alert for field office review when five or more SSN cards are sent to the same mailing address during a five-week period. Approximately 5,000 alerts are generated each month. Since the inception of the program, 658 alerts have been

reviewed and forwarded as "potential fraud" cases to the OIG. It would be useful if the OIG could periodically summarize the results of investigations of these cases. This information would then be used to determine if changes of procedures are appropriate and given to SSA staff as feedback on their referrals.

To combat the concerns raised in this report regarding evidentiary documentation, SSA is developing a long-term solution. Although SSA agrees with the intent of the OIG's recommendations, for the long-term SSA believes systems enhancements, rather than independent verifications, will provide the most benefit. To this end, we will have the systems controls OIG is proposing in this report in place by April, 2002.

Our comments on the report recommendations and content follow.

Recommendation 1

Obtain independent verification from the issuing Agency for all alien evidentiary documents before approving the respective SSN applications, until the Enumeration at Entry program is implemented.

Comment

We continue to disagree with this recommendation. As stated in our response to the 1999 MAR, SSA already verifies with the Immigration and Naturalization Service (INS) all documents for noncitizens applying for SSNs, except documents for those noncitizens who have been in the country less than 30 days. While SSA is committed to reducing fraud, we also have an obligation to newly-arrived noncitizens who have legal authority to work. Delaying approval of their SSN applications for one to two months until INS can manually verify their applications would result in a grave disservice to these individuals.

SSA will continue to work with INS to shorten the lag time needed to update INS' systems and to have INS collect enumeration data for noncitizens as part of the immigration process. We are working with INS to verify nonimmigrant data through the automated aspect of the Systematic Alien Verification for Entitlements (SAVE) process. In addition, we have already begun a pilot in the New York region to automate the secondary (or "paper") aspect of SAVE. As discussed in our response to recommendation #2, we wrote to INS regarding our

concerns with the SAVE process on August 13, 1999 and will be participating in a meeting with OMB and INS representatives to resolve any remaining concerns so that implementation planning can proceed.

In addition to working with INS, we believe improving our automation exchanges could enhance fraud prevention in this area. As discussed in our response to recommendation #4, SSA will have systems controls in place by April, 2002 that will interrupt SSN issuance when multiple cards are mailed to common addresses and when parents claim to have had an improbably large number of children.

Since the cases reviewed during the OIG's study were not randomly selected, and therefore the results non-generalizable to the entire population of aliens issued SSNs, neither SSA nor OIG have sufficient data to determine the extent of potential fraud in the full population that OIG's recommendation would affect. Therefore, we believe OIG should conduct a statistically valid follow-up study focusing on the entire population of aliens issued original SSNs. SSA would be pleased to assist the OIG in designing such a comprehensive evaluation that would quantify the extent of potential fraud in the alien population.

Recommendation 2

Accelerate negotiations with the INS and the State Department to implement the Enumeration at Entry program. Once implemented, all non-citizens should be required to obtain their SSNs by applying at one of these Agencies.

Comment

We agree that accelerated negotiations are necessary and SSA is committed to the implementation of the Enumeration at Entry program. On August 13, 1999 SSA released a letter (tab A) to the Commissioner of INS detailing our concerns with the SAVE process and urging swift movement on initiatives in this area. As part of this letter SSA included a proposed Memorandum of Understanding that the Commissioner of SSA had signed describing both agency's roles in an enumeration project and a framework for cooperation to improve data sharing between the two agencies.

In addition to ongoing staff discussion since then, SSA has furnished information for OMB's use in promoting this project

with INS. With SSA encouragement, OMB has arranged a meeting for June 16, 2000 to include representatives from SSA as well as INS. The purpose of the meeting is to resolve any remaining concerns INS may have so that implementation planning may proceed. We would welcome any assistance the OIG can provide in supporting us with our continuing negotiations and bringing to fruition any initiatives that may be agreed upon.

Recommendation 3

Give credit for fraud detection and development in measuring the performance of field offices (FO) and their employees.

Comment

This recommendation does not appear to be directly related to the audit findings on verifying evidentiary documents in the enumeration process, but appears to relate to the apparent conclusion that SSA should change its philosophy and culture because OIG believes that in the current environment, providing quick service sometimes takes precedence over preventing and detecting fraud.

SSA's culture firmly supports a balance of public service and stewardship. Results from a 2-year study of SSA's culture, with more than 6,600 employees responding, show both a dedication to public service and strong support for the importance of program integrity. For example, 81 percent of respondents said that having zero tolerance for program fraud and abuse is normal practice in their offices today; 83 percent reported knowing what is expected of them at work, and 75 percent agree that customer satisfaction is a top priority.

Safeguarding the public's investment in the programs we administer is a primary responsibility of SSA. Virtually all of the 40,000 employees who routinely interact with the public are actively involved in the prevention and detection of overpayments and fraudulent activities. One of the key duties in the Claims Representative position description is: "Protects the integrity of SSA programs through identification, investigation, and resolution of potential program abuse situations." Other listed duties relate to program integrity and support efforts to prevent fraud.

SSA is developing better methods to track fraud detection and development activities that will support establishing workload credit for this activity. The Allegation Management System

(AMS) will track fraud referrals and will provide the accurate workload counts that are needed, in conjunction with future work sampling, to establish the time spent on the development of fraud cases. We plan to implement AMS in October 2001. In the interim, an electronic Intranet form for fraud referral, the e-8551, was implemented June 1, 2000, and provides multiple benefits, including automating the referral process, providing a means of automated feedback to employees on their fraud referral efforts, making the fraud referral process more uniform and providing a means of accountability for all parties via its automated system of receipts, acknowledgements, and monthly regional OIG status reports. We are continuing to look for means within the current MI system to assure the proper work credit is provided for anti-fraud activities.

Recommendation 4

Continue efforts and establish an implementation date for planned system controls that will interrupt SSN issuance when multiple cards are mailed to common addresses that SSA has not determined to be legitimate recipients (for example, charitable organizations) and/or when parents claim to have had an improbably large number of children.

Comment

We agree and are continuing our efforts to implement these enhancements in the Modernized Enumeration System. Systems controls that will interrupt SSN issuance when multiple cards are mailed to common addresses and when parents claim to have had an improbably large number of children are under development; due to the nature of database building and revision that will be required, SSA expects to have these controls in place by

April, 2002. These systems controls are the final phase in the systems plan we began last year for a wide range of measures to prevent fraud prior to the issuance of an SSN when certain suspicious characteristics are present. A phase scheduled for earlier implementation--the systematic ability to recognize and interrupt card issuance to certain parents whom SSA's records show as deceased or of improbable age to have children--is now close to completion.

Recommendation 5

Study the impact of requiring SSN applicants to either provide an actual street address (that is, do not accept Post Office boxes) or pick up their SSN at the closest SSA FO.

Comment

We disagree. We have analyzed this issue and come to the conclusion that with the postal requirement in many smaller communities that all residences have a postal box, we would be targeting and treating unfairly legitimate users of post office boxes. Requiring these individuals to come into a FO would be placing an undue hardship on these individuals, and adoption of this proposal would have a significant impact in rural areas where the closest FO may be very distant. For example, many individuals living in Midwestern and Northwestern states might have to travel hundreds of miles to reach their nearest FO or contact station. Even for those individuals living in populous areas of the country, a lack of reliable private or public transportation, along with potential safety and home mailbox security concerns, could cause difficulties.

The issue of the application for and usage of post office (PO) boxes (whether located within a U.S. post office or at a commercial mail receiving agency (CMRA)) is regulated by the U.S. Postal Service. To prevent fraudulent activity relating to PO boxes, the Postal Service began requiring photo identification of individuals applying for PO boxes located within post offices in 1998. In addition, the Postal Service issued a final rule in the Federal Register on March 25, 1999 (effective October 26, 1999), requiring an individual applying to receive mail at a CMRA to provide two forms of identification, one of which must include a photograph of the applicant. The postal service provides examples of acceptable identification, including a valid drivers license, armed forces, government or corporate identification card, passport or alien registration card, or other credentials showing the applicant's signature and a serial number or similar information that is traceable to the bearer (i.e., a current lease, mortgage, deed, voter registration card or university identification card).

Recommendation 6

Propose legislation that disqualifies individuals who improperly attain SSNs from receiving work credits for periods that they were not authorized to work or reside in the United States.

Comment

This recommendation is similar to one contained in the OIG report, "Review of Controls over Nonwork Social Security Numbers" (A-08-97-41002; Audit No. 21997023). In that report OIG recommended that SSA should propose legislation to prohibit the crediting of nonwork earnings and related Quarters of Coverage (QC) for purposes of benefit entitlement.

We disagreed with the earlier recommendation and our reasons for disagreement have not changed. Since SSA does not routinely learn of changes in a person's work authorization status after an SSN has been assigned, an earnings report under a nonwork SSN does not necessarily mean that unauthorized work was performed. The legislative proposal OIG recommended earlier and is recommending now would be extremely difficult to administer because SSA cannot on its own determine when or if an individual's immigration or work status has changed. These determinations would have to be made by the INS or a court. In addition, an individual's status may change at any time during a given year, thus necessitating determining when in the year particular earnings were received, an action SSA cannot accomplish from its annual earnings records.

OIG CONTACTS AND STAFF ACKNOWLEDGEMENTS

OIG Contacts

Gary A. Kramer, Director, Operational Audit Division
(410) 965-9711

Kimberly A. Byrd, Deputy Director, Enumeration
(205) 801-1605

Acknowledgements

Charles A. Lober, Senior Auditor

William C. McMillan, Senior Auditor

Kathy L. Youngblood, Senior Auditor

Theresa Roberts, Auditor

For additional copies of this report, please contact Office of the Inspector General's Public Affairs Specialist at (410) 966-5998. Refer to Common Identification Number A-08-98-41009.

APPENDIX F

SSA ORGANIZATIONAL CHART
