
**OFFICE OF
THE INSPECTOR GENERAL**

SOCIAL SECURITY ADMINISTRATION

**ENUMERATION OF CHILDREN
UNDER AGE 1: OPPORTUNITY TO
REDUCE THE RISK OF IMPROPER
SOCIAL SECURITY NUMBER
ATTAINMENT**

July 2004

A-08-04-14043

AUDIT REPORT



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SOCIAL SECURITY

MEMORANDUM

Date: July 30, 2004

Refer To:

To: The Commissioner

From: Acting Inspector General

Subject: Enumeration of Children Under Age 1: Opportunity to Reduce the Risk of Improper Social Security Number Attainment (A-08-04-14043)

OBJECTIVE

Our objective was to assess the Social Security Administration's (SSA) vulnerability to invalid¹ birth records when assigning original Social Security numbers (SSN) to children under age 1.

BACKGROUND

SSA requires that all U.S. citizens who apply for an original SSN provide evidence of age, identity and U.S. citizenship. Generally, SSA uses birth records to establish an applicant's age. Until 2002, SSA required independent verification of birth records for U.S.-born first-time SSN applicants age 18 and over. As of June 1, 2002, SSA began requiring field office (FO) personnel to independently verify birth records for U.S. citizens age 1 and older before assigning them an original SSN.² Currently, however, SSA does not independently verify the birth of a child under age 1 unless FO personnel believe the evidence presented is invalid. See Appendix B for additional background information.

¹ For the purpose of this report, we define an invalid birth record as one for which the State office of vital statistics had no record of the child's birth.

² In May 1999, we issued a Management Advisory Report, *Using Social Security Numbers to Commit Fraud* (A-08-99-42002), in which we recommended that SSA require verification from the issuing State when an out-of-state birth certificate is presented as evidence for an SSN application. The report played a role in bringing to SSA's attention the need to independently verify birth records at a lower age. In July 2002, SSA issued Policy Instruction OCO 02-073 GS, which implemented the new requirement effective June 1, 2002.

From July through December 2002, SSA assigned almost 137,000 original SSNs to U.S. citizens under age 1 based on applications processed by FOs nationwide.³ We randomly selected a sample of 200 SSNs from the 4,613 assigned during this period for children whose parents applied at FOs using out-of-state birth records. We also selected a sample of 200 SSNs from the 132,324 assigned during our audit period for children whose parents applied at FOs using in-state birth records. For each of the selected children, we attempted to verify the birth with the appropriate State or local offices of vital statistics. See Appendix C for additional details regarding the scope and methodology of our review.

RESULTS OF REVIEW

Despite SSA's commitment to combat SSN fraud and misuse, the Agency's exposure to such activity remains. We identified three instances in which SSA assigned original SSNs to children under age 1 based on invalid birth records. In addition, the Office of the Inspector General's (OIG) Office of Investigations (OI) identified numerous cases in which individuals used invalid documents to obtain SSNs for young children. Investigators at the Government Accountability Office (GAO) also proved the ease with which individuals can obtain SSNs for children under age 1 using counterfeit documents.⁴

Because of its concerns regarding SSN integrity, SSA has taken significant steps to prevent improper SSN assignment to any U.S. citizen over age 1 and all noncitizens. We commend the Agency for these efforts. We acknowledge that our review did not disclose widespread exploitation of SSA's process for assigning SSNs to children under age 1. However, because SSA has substantially tightened its controls for other SSN applicants, we are concerned about the potential for perpetrators of fraud to target any remaining vulnerability within SSA's enumeration process—including the Agency's under age 1 process. Specifically, SSA requires FOs to obtain independent verification of birth and/or immigration documents for all original SSN applicants except those under age 1.⁵ As demonstrated by the three cases we identified and numerous cases OIG investigated, the lack of third-party verification may allow individuals to present invalid birth records and successfully obtain an original SSN for non-existent children under age 1.

To prevent improper SSN attainment, we believe SSA should require third-party birth verifications for all U.S. citizens applying for an original SSN at FOs. We recognize

³ This number does not include the approximately 2 million SSNs assigned during our period through the Enumeration-at-Birth program.

⁴ *Social Security Administration: Actions Taken to Strengthen Procedures for Issuing Social Security Numbers to Noncitizens, but Some Weaknesses Remain* (GAO-04-12, October 2003).

⁵ Although SSA does not require the verification of evidentiary documents for original SSN applications processed through the Enumeration-at-Birth or the Enumeration-at-Entry programs, the Agency receives SSN application information for these programs directly from State vital statistics offices and the Department of Homeland Security.

there could be exceptions to this policy, such as when a parent has an immediate need for an SSN to obtain services or benefits for his/her child. However, we believe these instances should be the exception, not the rule. We also recognize SSA's need to satisfy customer demands; however, we do not believe that prompt customer service should ever take precedent over the Agency's stewardship responsibility to prevent and detect fraudulent activity.

INVALID BIRTH RECORDS DEMONSTRATE SSA'S RISK OF IMPROPER SSN ASSIGNMENT

We identified 3 instances (2 out-of-state and 1 in-state) in which SSA assigned SSNs to children under age 1 based on birth records that State vital statistics offices could not verify.⁶ We believe these instances illustrate SSA's exposure to SSN misuse. We informed our OI of the following 3 cases.

- SSA assigned an original SSN for a 7-month-old child who reportedly was born in New Mexico in April 2002. An individual claiming to be the child's father applied for the SSN at a Texas FO in December 2002 and presented a New Mexico birth certificate. The New Mexico Office of Vital Statistics had no record of this child's birth.
- SSA assigned an original SSN for a 7-month-old child who reportedly was born in North Carolina in December 2001. An individual claiming to be the child's father applied for the SSN in New York in July 2002 and presented a North Carolina birth certificate. The North Carolina Office of Vital Statistics had no record of this child's birth.
- SSA assigned an original SSN for a 3-month-old child who reportedly was born in Los Angeles, California in June 2002. An individual claiming to be the child's father applied for the SSN in Orange County, California in September 2002 and presented a Los Angeles County birth certificate. Neither the California Office of Vital Statistics nor the Los Angeles County Registrar's Office could locate a birth record for this child.

Consistent with SSA's current policy regarding assignment of SSNs to children under age 1, FO personnel did not verify the authenticity of the birth records presented and processed the applications based solely on visual inspection of the documents. Despite training and guidance, SSA personnel may not always detect counterfeit documents by visual inspection because of the quality of the documents and their unfamiliarity with another State's birth records. We do not believe FO personnel would have assigned these SSNs if SSA's policy had required third-party verification of the birth records. See Appendix B for a detailed description of SSA's policy regarding the establishment of a child's age.

⁶ Because we only identified 3 such instances within our combined sample of 400 children, we did not project these errors to the entire population (almost 137,000) of SSNs assigned during our audit period.

OFFICE OF INVESTIGATION CASES CONFIRM SSA'S RISK OF EXPOSURE TO INVALID BIRTH RECORDS

OIG's OI identified numerous instances in which SSA assigned original SSNs to children under age 1 based on invalid documents. We believe the following cases illustrate SSA's risk of exposure to such activity. One of these cases began as early as 1993. However, because SSA still does not obtain third-party verification of birth records for SSN applicants under age 1, the Agency's exposure to such activity remains today.

- Between 1993 and August 1999, a group of individuals working in California and Nevada obtained in excess of 100 SSNs using invalid birth certificates and immunization records for infant children. These individuals used false Tennessee birth certificates. The principal subject of this investigation has been convicted and sentenced and the case has been closed.
- Between 1994 and 2003, 6 individuals obtained over 400 SSNs for non-existent children, the majority of whom were under age 1. These individuals used invalid California birth certificates, hospital letterheads, hospital-issued birth certificates and immunization records to obtain the SSNs. Four of the six individuals plead guilty, three of whom have been sentenced. OI is investigating additional co-conspirators.
- Between 1995 and 2001, over 60 individuals obtained approximately 500 SSNs for non-existent children, the majority of whom were under age 1. These individuals used invalid birth certificates from Arkansas, California, Missouri, Tennessee, Illinois, Indiana and Washington. Some of these individuals visited as many as four FOs within the same day to obtain SSNs for non-existent children. This investigation is still ongoing.
- Between 2001 and 2002, 5 individuals in New York used invalid birth certificates and immunization cards to obtain approximately 200 SSNs for non-existent children under age 1. All individuals have been sentenced. OI is working with another Federal law enforcement agency to explore suspected credit card schemes related to this case.
- Between 2001 and 2002, 7 individuals obtained approximately 164 SSNs for non-existent infant children in New York. These individuals used invalid birth certificates and immunization records to obtain the SSNs and establish fictitious identities to obtain numerous credit cards. Six of the seven individuals involved in this scheme have been sentenced.

GOVERNMENT ACCOUNTABILITY OFFICE INVESTIGATORS EXPLOIT SSA'S PROCESS FOR ASSIGNING SSNS TO CHILDREN UNDER AGE 1

GAO investigators recently proved the ease with which individuals can obtain SSNs by exploiting SSA's current processes for assigning SSNs to children under age 1. Working in an undercover capacity, they were able to obtain two SSNs for children under age 1 by using counterfeit documents. By posing as parents of newborns, the investigators obtained the first SSN at a FO using a counterfeit birth certificate. They obtained the second SSN by submitting the counterfeit birth record via the mail. In both instances, SSA personnel accepted the counterfeit documents as valid. GAO concluded that SSA's policy of exempting birth records for children under age 1 from third-party verification left the enumeration process open to fraud. Consequently, GAO recommended that SSA revise its policy to require third-party verification of the birth records for children under age 1.

SSA told GAO that it excluded children under age 1 from its third-party verification requirements to limit potential service disruptions to applicants due to possible delays in entry of birth information by some State offices of vital statistics. SSA also told GAO that parents or guardians often need an SSN for their child soon after birth so they can claim the child as a dependent for tax purposes or because an SSN is required to open a bank account or apply for Government services. In response to GAO's report, SSA stated that the Agency plans to re-evaluate its policy for enumerating children under age 1 and acknowledged that a challenge facing the Agency is to strike a better balance between serving the needs of the public and ensuring SSN integrity.

OPPORTUNITY FOR SSA TO REDUCE ITS RISK OF IMPROPER SSN ASSIGNMENT BASED ON INVALID BIRTH RECORDS

Because SSA does not require FO personnel to independently verify birth records of children under age 1, the Agency increases its risk of improper SSN assignment, as evidenced by the examples presented in this report. SSA's Office of Income Security Programs personnel reiterated the Agency's concern that requiring third-party birth verification could result in potential service disruptions for some applicants because some States experience delays in recording births.

We believe SSA should require third-party verification of birth records for children under age 1 before SSN assignment. We realize there could be exceptions to this policy, such as when a parent has an immediate need for an SSN to obtain services or benefits for his/her child. However, we believe these instances should be the exception, not the rule. In most instances, we also do not believe the need to file a tax return would constitute such an exception. Parents that need to file a tax return including the SSNs of their children have until April 15th each year to do so. Even if a child was born in December of the previous year, we believe it would be uncommon that a State office of vital statistics would not have a birth record for the child almost 4 months later. As such, we believe SSA should attempt to verify the child's birth with the State in all cases. If the State does not yet have a birth record for the child, SSA could verify one

of the acceptable alternative records, such as a hospital birth certificate or medical record.

CONCLUSION AND RECOMMENDATIONS

As SSA continues to enhance SSN integrity, unscrupulous individuals will continue to look for ways to exploit vulnerabilities within the Agency's controls. Unless SSA takes additional steps to strengthen its controls over SSN assignment for children under age 1, threats to SSN integrity will remain. Given the potential for individuals to improperly obtain and misuse SSNs, as evidenced by examples presented in this report, we believe SSA would benefit by taking additional steps to eliminate the possibility of such activity.

Accordingly, we recommend that SSA:

1. Consider revising its policies to require that FOs obtain independent verification of the birth records for U.S. citizens under age 1 before SSN assignment.
2. Place a special indicator code on the three SSNs that FO personnel assigned based on invalid birth records.

AGENCY COMMENTS AND OIG RESPONSE

SSA agreed with our recommendations. As requested, we will be happy to assist the Agency in providing information on the amount of time it took for us to verify the sampled birth records. The Agency also provided technical comments that we considered and incorporated, where appropriate. The full text of SSA's comments is included in Appendix D.



Patrick P. O'Carroll, Jr.

Appendices

APPENDIX A – Acronyms

APPENDIX B – Background

APPENDIX C – Scope and Methodology

APPENDIX D – Agency Comments

APPENDIX E – OIG Contacts and Staff Acknowledgments

Acronyms

EAB	Enumeration-at-Birth
FO	Field Office
GAO	Government Accountability Office
MES	Modernized Enumeration System
OI	Office of Investigations
OIG	Office of the Inspector General
SSA	Social Security Administration
SSN	Social Security number

Background

One of the key elements the Social Security Administration (SSA) employs to administer the Nation's Social Security system is the Social Security number (SSN). The expanded use of the SSN and the ease with which individuals can counterfeit documents provide a motive and a method for individuals to improperly acquire an SSN. Once an individual obtains an SSN card, he/she can use it for a variety of illegal purposes, such as hiding his/her true identity. SSA issues over 5 million original SSN cards each year, of which over 1.6 million are issued through field offices (FO) and the remainder through the Enumeration-at-Birth (EAB) process.¹

Our May 1999 report, *Using Social Security Numbers to Commit Fraud* (A-08-99-42002), identified cases in which SSA issued SSNs based on invalid birth records. To help address the issue of improper SSN attainment, we recommended that SSA require verification from the issuing State when an out-of-state birth certificate is presented as evidence for an SSN application. In response to our recommendation, SSA stated that requiring independent verification of out-of-state birth certificates presented as evidence for SSN applications would be impractical for the public and SSA FOs. After some time, however, SSA revisited its position and implemented additional controls to enhance SSN integrity.

Effective June 1, 2002, SSA began requiring birth verifications before SSN assignment for all U.S. citizens age 1 or older.² Under this policy, SSA requires its personnel to perform the following steps to establish a child's age:

- Determine whether the child is age 12 or older. If so, conduct a personal interview with the child. SSA does not require a personal interview for children under age 12.
- Ask for primary evidence of age (U.S. public birth certificate), review it if available and verify its authenticity with the custodian of record.
- Ask the applicant for alternative evidence of age (for example, hospital birth certificate, baptismal certificate or medical record) in order of probative value if a birth certificate is not available.

¹ Implemented in 1990, the EAB program assigns SSNs to newborns, with parental approval, as part of States' and certain jurisdictions' birth registration processes. The birth registration data submitted to SSA by the State offices of vital statistics serves as evidence of age, identity, and citizenship for purposes of assigning an SSN to a child.

² Implemented by SSA Policy Instruction OCO 02-073 GS, dated July 12, 2002.

- Evaluate the validity of the alternative evidence presented and verify the child's birth with the custodian of the record. If the custodian cannot locate a birth record for the applicant, verify the authenticity of the alternative evidence with the issuing source.
- Process or deny the SSN application depending upon the response received from the issuing source.

Scope and Methodology

To accomplish our objective, we performed the following audit steps:

- Reviewed the policies and procedures prescribed in the Social Security Administration's (SSA) Program Operations Manual System and related Policy Instructions for enumerating children;
- Obtained a data extract of all records in SSA's Modernized Enumeration System Transaction History File (MES) for the period July through December 2002, in which SSA field office (FO) personnel assigned original Social Security numbers (SSN) to children under age 1;
- Randomly selected a sample of 200 children whose parents applied for an SSN at FOs nationwide using out-of-state birth records. We also selected a sample of 200 children whose parents applied for an SSN using in-state birth records. For each of the selected children, we attempted to verify the birth with the appropriate State or local office of vital statistics;
- Contacted hospitals to verify the authenticity of alleged births when the custodians of the birth records could not verify the births;
- Analyzed information provided by the Office of the Inspector General, Office of Investigations involving cases of invalid birth records;
- Reviewed the Government Accountability Office's (GAO) report entitled *Social Security Administration: Actions Taken to Strengthen Procedures for Issuing Social Security Numbers to Noncitizens, but Some Weaknesses Remain* (GAO-04-12), issued October 2003; and
- Discussed the reasons why the Agency elected not to seek independent verification of birth records presented with original SSN applications for children under age 1 with Office of Income Security Programs personnel.

We performed our work at a FO in Birmingham, Alabama. The SSA entity reviewed was the Office of the Deputy Commissioner for Disability and Income Security Programs. We relied primarily on MES to complete our review, and determined that the MES data used in the report is sufficiently reliable given the audit objective and use of the data. We conducted our audit from August 2003 through February 2004 in accordance with generally accepted government auditing standards.

Agency Comments



SOCIAL SECURITY

MEMORANDUM

33223-24-1127

July 9, 2004

Refer To: S1J-3

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

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

Subject: Office of the Inspector General (OIG) Draft Report "Enumeration of Children Under Age 1: Opportunity to Reduce the Risk of Improper Social Security Number Attainment" (A-08-04-14043)--INFORMATION

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

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

Attachment:
SSA Response

COMMENTS ON THE OFFICE OF THE INSPECTOR GENERAL (OIG) DRAFT REPORT "ENUMERATION OF CHILDREN UNDER AGE 1: OPPORTUNITY TO REDUCE THE RISK OF IMPROPER SOCIAL SECURITY NUMBER ATTAINMENT" (AUDIT NO. A-08-04-14043)

Thank you for the opportunity to review and comment on the draft report. We appreciate the efforts of the Office of Audit as they continue to evaluate and identify opportunities to enhance the integrity of the enumeration process. We also appreciate the work of the Office of Investigations and their efforts to prosecute individuals using fraudulent documents to obtain Social Security numbers (SSNs). Finally, we are pleased with your finding that there is no evidence of widespread exploitation of our process for assigning SSNs to children younger than age 1. Our responses to the specific recommendations are provided below:

Recommendation 1

The Social Security Administration (SSA) should consider revising its policies to require field offices (FO) to obtain independent verification of the birth records for United States (U.S.) citizens under age 1 before SSN assignment.

Response

We agree. Like you and Congress, we continue to be concerned about the potential for perpetrators of fraud to target any vulnerability within the enumeration process. Accordingly, we are considering revising our policy for SSN assignment for this particular group. As the report notes, the main reason we have been reluctant to require verification of birth records for U.S. born children younger than age 1 is based on our experience with the length of time it would take to complete that verification.

In response to the General Accounting Office's work conducted last summer, we intended to conduct a study that would identify a sample of individuals who were enumerated before age 1, outside of the Enumeration at Birth (EAB) process, and attempt to retrieve birth certificates from the appropriate State Bureau of Vital Statistics (BVS). However, due to additional privacy restrictions arising from Health Insurance Portability and Accountability Act (HIPAA) regulations, and the amount of FO resources needed to obtain parental consent in those States that now require it before releasing the information, we were unable to move forward with that study. In place of the study, we plan instead to work with your staff to gain a better understanding about their experiences in obtaining this type of information, and analyze that data; e.g., the length of time it took OIG to obtain independent verification of birth records from State and local offices of vital statistics and/or local hospitals, and the impact of HIPAA on the willingness of hospitals to verify birth records. Once we have evaluated that information, we will be better prepared to make a final decision regarding the need for changes to our policy, with a focus on strengthening the integrity of the enumeration process, while minimizing any potential delays our clients may experience in obtaining an SSN.

Recommendation 2

SSA should place a special indicator code on the three SSNs that FO personnel assigned based on invalid birth records.

Response

We agree and will take the necessary action to place the fraud indicator on the records that have been identified.

OIG Contacts and Staff Acknowledgments

OIG Contacts

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

Jeff Pounds, Audit Manager, (205) 801-1606

Acknowledgments

In addition to those named above:

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Cliff McMillan, Senior Auditor

Cheryl Robinson, Writer-Editor

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