



SOCIAL SECURITY

MEMORANDUM

Date: August 5, 2005

Refer To:

To: The Commissioner

From: Inspector General

Subject: Reported Earnings Prior to the Issuance of a Social Security Number (A-03-04-14037)

The attached final report presents the results of our audit. Our objective was to determine why Numberholders' earnings records indicate work activity prior to their enumeration by the Social Security Administration.

Please provide within 60 days a corrective action plan that addresses 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.

A handwritten signature in black ink, appearing to read "P. O'Carroll, Jr.", written in a cursive style.

Patrick P. O'Carroll, Jr.

Attachment

**OFFICE OF
THE INSPECTOR GENERAL**

SOCIAL SECURITY ADMINISTRATION

**REPORTED EARNINGS
PRIOR TO THE ISSUANCE OF A
SOCIAL SECURITY NUMBER**

August 2005

A-03-04-14037

AUDIT REPORT



Mission

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

Authority

The Inspector General Act created independent audit and investigative units, called the Office of Inspector General (OIG). The mission of the OIG, as spelled out in the Act, is to:

- Conduct and supervise independent and objective audits and investigations relating to agency programs and operations.**
- Promote economy, effectiveness, and efficiency within the agency.**
- Prevent and detect fraud, waste, and abuse in agency programs and operations.**
- Review and make recommendations regarding existing and proposed legislation and regulations relating to agency programs and operations.**
- Keep the agency head and the Congress fully and currently informed of problems in agency programs and operations.**

To ensure objectivity, the IG Act empowers the IG with:

- Independence to determine what reviews to perform.**
- Access to all information necessary for the reviews.**
- Authority to publish findings and recommendations based on the reviews.**

Vision

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

Executive Summary

OBJECTIVE

Our objective was to determine why Numberholders' earnings records indicate work activity prior to their enumeration by the Social Security Administration (SSA).

BACKGROUND

SSA provides Old Age, Survivors and Disability Insurance (Title II) benefits to individuals based on their lifetime earnings reported under a valid Social Security number (SSN). These earnings determine whether an individual has enough quarters of coverage, or work credits, to potentially qualify for SSA benefits. SSA issues a Social Security card displaying the name and SSN of the Numberholder, as well as the individual's right to work in the United States, where appropriate. While U.S. citizens are automatically entitled to work in the economy, non-citizens do not have this same right. Nonwork SSNs may be issued to non-citizens who meet certain requirements, but are not authorized by the Department of Homeland Security (DHS) to work in the United States.

RESULTS OF REVIEW

Our review found the majority of our 100 sample cases, where individuals were enumerated in Calendar Year (CY) 2000 and had earnings posted to their records for prior years, related to non-citizens who appeared to be: (1) working without proper authorization prior to CY 2000 and (2) misusing SSNs. Specifically, we found that 85 of the 100 sample cases involved non-citizens who according to available DHS records were not authorized to work at the time they earned their wages. Nonetheless, all of these non-citizens may be entitled to benefits related to those earnings if they meet all factors of entitlement, even under the new restrictions put in place by Congress. Further, we found that 63 of the 85 non-citizens appeared to have committed some form of SSN misuse in the workplace. We also identified other issues related to the individuals in our sample, including individuals with more than one SSN, an erroneous wage posting to a child's record before he was born, and data inconsistencies within SSA's records as well as inconsistencies between SSA's and DHS' records for the same individuals.

CONCLUSION AND RECOMMENDATIONS

The Agency has been receptive to our prior audit recommendations to (1) work with DHS to determine what information would be most beneficial to meet organizational goals and how to establish compatibility between their data files and (2) reemphasize to field office personnel the importance of following all policies and procedures when enumerating individuals. The conditions identified in this report suggest that opportunities for improvement still exist. As such, we continue to support our previous

recommendations recognizing that the ultimate success is contingent upon reciprocal cooperation from partnering agencies.

Furthermore, to improve the quality of information within SSA's records, we recommend SSA:

- Discuss these potential violations of immigration laws with DHS officials to ensure these officials are aware of SSA's statutory requirements regarding the posting of non-citizens' earnings, regardless of the non-citizens' authorization to work in the U.S. economy. This will provide DHS with additional background information which could assist them in performing their mission.
- Review and correct, as appropriate, the earnings records from our sample cases where an individual had more than one SSN and wages still need to be transferred to the appropriate account.
- Verify with the DHS and correct, as appropriate, the Numident records from our sample cases where the citizenship, work authorization, and other identifying information were inconsistent between SSA's and DHS' records.

AGENCY COMMENTS

Overall, SSA agreed with our recommendations. The full text of SSA's comments are included in Appendix G.

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OBJECTIVE

Our objective was to determine why Numberholders' earnings records indicate work activity prior to their enumeration by the Social Security Administration (SSA).

BACKGROUND

SSA provides Old Age, Survivors and Disability Insurance (Title II) benefits to individuals based on their lifetime earnings reported under a valid Social Security number (SSN). These earnings determine whether an individual has enough quarters of coverage, or work credits, to potentially qualify for SSA benefits. SSA issues a Social Security card displaying the name and the SSN of the worker. While U.S. citizens are automatically entitled to work in the economy, non-citizens do not have this same right. Therefore, for non-citizens who are allowed to work with DHS authorization, the SSN card will contain a legend indicating "Valid for Work Only With DHS Authorization."¹ Nonwork SSNs may be issued to non-citizens who meet certain requirements, but are not authorized by the Department of Homeland Security (DHS) to work in the United States. The SSN card issued to these non-citizens contains a legend indicating that the SSN is "Not Valid for Employment."²

In our March 2003 *Congressional Response Report: Social Security Administration Benefits Related to Unauthorized Work (A-03-03-23053)*, we noted that current Social Security laws and regulations seldom differentiate between U.S. citizens and non-citizens for the purpose of determining quarters of coverage. As a result, in many cases SSA created a work history for individuals with valid SSNs, even when some of the earnings belonged to non-citizens who were in the United States illegally or were otherwise unauthorized to work at the time of their earnings, but who later obtained a valid SSN.

In March 2004, Congress placed new restrictions on the receipt of SSA benefits by non-citizens who are not authorized to work in the United States. Under Section 211 of the Social Security Protection Act of 2004,³ a non-citizen whose SSN was originally assigned on or after January 1, 2004, must meet one of the following additional

¹ The absence of a legend indicates that the Numberholder is either a U.S. citizen or an alien lawfully admitted for permanent residence.

² See Appendix E for a detailed description of the enumeration process for non-citizens.

³ See Social Security Protection Act of 2004, Pub. L. No. 108-203 § 211, 118 Stat. 494 (2004).

requirements to be entitled to Title II and Medicare benefits based on the non-citizen's earnings:⁴

- The alien worker must have been issued a SSN for work purposes on or after January 1, 2004; or
- The alien worker must have been admitted to the United States as a nonimmigrant visitor for business or as an alien crewman under specified provisions of the Immigration and Nationality Act.⁵

We discuss these provisions in greater detail in Appendix B.

SCOPE AND METHODOLOGY

To meet our objective, we selected a random sample of 100 cases from a population of 1,382 cases representing one-twentieth of the individuals who were enumerated in Calendar Year (CY) 2000 and also had earnings posted to the Master Earnings File (MEF)⁶ for Tax Year (TY) 1999 and earlier.⁷ We estimate that the number of cases sharing this characteristic is approximately 27,640 Numberholders (see Appendices C and D for more details on our methodology).

⁴ SSA, Program Operations Manual System (POMS), RS 00301.102: *Additional Requirements for Alien Workers—Social Security Protection Act of 2004*.

⁵ See Immigration and Nationality Act, Section 101(a), (15)(B) and (D).

⁶ The MEF contains all earnings data reported by employers and self-employed individuals. This data is used to calculate the Social Security benefits due an individual with an earnings record.

⁷ We extracted these cases from 1 segment of 20 segments in SSA's Numident file. The Numident is a record of identifying information at the time of application (such as name, date of birth, date of death, citizenship status, etc.) provided by the applicant on his or her *Application for a Social Security Number* (Form SS-5) for an original SSN and subsequent applications for replacement SSN cards. The Numident files are separated into 20 segments based on the last 2 digits of the SSN. Since these last digits are not specific to a region or period of issuance, each segment should be representative of the entire file.

Results of Review

Our review found the majority of our 100 sample cases, where individuals were enumerated in Calendar Year (CY) 2000 and had earnings posted to their MEF records for prior years, related to non-citizens who appeared to be: (1) working without proper authorization prior to CY 2000 and (2) misusing SSNs. Of these sample cases, we found that 91 were non-citizens of which 85 appeared to lack an authorization to work at the time they earned their wages based on our review of SSA records and available DHS documentation. SSA records showed that these 85 non-citizens earned approximately \$3.2 million in unauthorized wages and self-employment income going as far back as 1987. All of these non-citizens may be entitled to benefits related to those earnings if they meet all factors of entitlement, even under the new restrictions put in place by Congress. Further, we found that 63 of the 85 non-citizens appeared to have committed some form of SSN misuse in the workplace (see Table 1 for a summary of these findings). We also identified other issues related to the individuals, including individuals with more than one SSN, an erroneous wage posting, and data inconsistencies within SSA's records as well as inconsistencies between SSA's and DHS' records for the same individuals.

Table 1: Summary of Findings for Non-Citizen Sample Cases

| Employment Status Per DHS | | | |
|----------------------------------|-----------|-----------|-----------|
| Authorized to Work | | 6 | |
| Not Authorized to Work | | 85 | |
| Non-Citizen Total | | | 91 |
| Potential SSN Misuse | | | |
| SSN Misuse Detected | | | |
| --Authorized to Work | 3 | | |
| --Not Authorized to Work | 60 | | |
| Sub-total | | 63 | |
| No SSN Misuse Detected | | | |
| --Authorized to Work | 3 | | |
| --Not Authorized to Work | 25 | | |
| Sub-total | | 28 | |
| Non-Citizen Total | | | 91 |

CHARACTERISTICS OF SAMPLE CASES

For the 100 sample cases, we identified approximately \$5.3 million in wages and self-employment income that was posted to the Numberholders' MEF records for TYs 1999 and earlier, which was prior to their enumeration in CY 2000. The earnings were reported between TYs 1956 and 1999, with the highest lifetime earnings being about \$1.2 million for one individual. Further, the Numberholders ranged in age from

1 month⁸ to 69-years old at the time of their enumeration in CY 2000. SSA posted these earnings to the Numberholders' MEF⁹ records by manually reinstating the earnings from the SSA's Earnings Suspense File (ESF),¹⁰ adding the earnings based on evidence provided by the Numberholders, or posting the earnings through the annual wage reporting process.

Of the 91 non-citizens in our sample, 49 (or 54 percent) were born in either Mexico or Honduras, with the remainder coming from 26 different countries (see Appendix F for a complete listing of the places of birth). These non-citizens earned about \$3.3 million in wages prior to enumeration in CY 2000. Based upon these sample cases, we estimate that SSA enumerated 25,160 non-citizens in CY 2000 who afterwards had prior year earnings posted to their MEF records (see Appendix D for our estimation methodology). The remaining nine Numberholders were either born in the United States (seven Numberholders) or were naturalized citizens (two Numberholders).¹¹

UNAUTHORIZED EMPLOYMENT AMONG NON-CITIZENS

Our analysis of the 100 sample cases found that 85 Numberholders appeared to be non-citizens who lacked authorization to work in the U.S. economy prior to their enumeration in CY 2000 (see Figure 1).¹² Based on our review of SSA records and available DHS documentation, these non-citizens may have violated the Immigration and Naturalization Act, which requires certain non-citizens to obtain an authorization for employment from DHS.¹³ In terms of non-citizens enumerated in CY 2000, we estimate that the 85 sample items represent approximately 23,500 potential violations of immigration laws prior to SSA's enumeration of these non-citizens (see Appendix D for our estimation methodology).

⁸ This case relates to an erroneous posting to a child's record and is discussed in detail later in this report.

⁹ The MEF contains all earnings data reported by employers and self-employed individuals. This data is used to calculate the Social Security benefits due an individual with an earnings record.

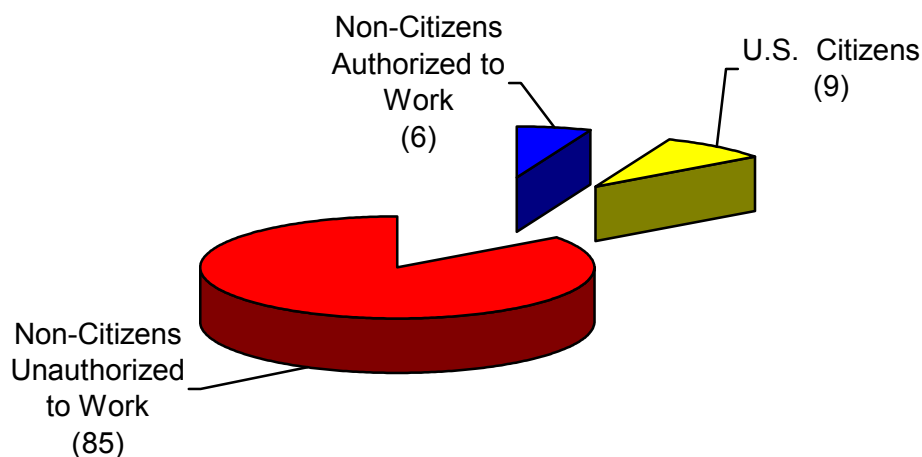
¹⁰ We found that 64 of the non-citizens had earnings reinstated from the ESF. The ESF is a repository of unmatched wage items. As of October 2004, SSA's ESF contained approximately 246 million wage items totaling about \$463 billion in wages related to TYs 1937 through 2002 that could not be posted to individual earnings records.

¹¹ The two naturalized citizens were born in Columbia and Mexico.

¹² According to DHS records, the six remaining non-citizens were authorized to work in 1999 and earlier when they earned their wages, but had not been enumerated until CY 2000.

¹³ *Control of Employment of Aliens*, 8 C.F.R. § 274a.

**Figure 1: Unauthorized Employment
Prior to Enumeration
(Sample of 100 Cases)**



Review of Work Authorization within SSA and DHS Records

We found that the 85 non-citizens appeared to lack authorization to work in the United States prior to CY 2000 based on our review of SSA's and DHS' records.¹⁴ To determine if DHS had in fact authorized the non-citizens to work, we provided DHS with the identifying information (full name, date of birth, and place of birth) the non-citizens submitted to SSA at the time they were enumerated.¹⁵ Based on DHS' Central Index System (CIS)¹⁶ records, it appears that 71 of the 85 non-citizens did not receive employment authorization until CY 2000 or later. For example, in one case the CIS record indicated that a non-citizen had been in the United States since 1990 and was initially denied an employment authorization in 1994. In October 2001, DHS reversed its decision and granted the non-citizen an employment authorization at that time. Nonetheless, the non-citizen worked without authorization from 1990 until 1999 for several employers earning nearly \$170,000 in wages.

¹⁴ We reviewed the SSA's Numident File to determine the work authorization status of the Numberholders.

¹⁵ This information was taken from SSA's records, including the Agency's Numident file and copies of the non-citizens' Forms SS-5.

¹⁶ DHS provided us with records from CIS, which is DHS' main automated information system that contains data on lawful permanent residents, naturalized citizens, violators of immigration laws, aliens with employment authorization document information, and others for whom DHS has opened files on or whom it has a special interest. We did not perform an independent assessment of the reliability of the records provided by DHS.

For the remaining 14 non-citizens, DHS could not provide any evidence that these individuals existed in their records. It is possible that the identifying information provided to SSA by the non-citizen did not match information contained in CIS. We discuss data integrity issues between SSA and DHS later in this report. Further, it may represent non-citizens who presented invalid/inappropriate DHS evidence to SSA when they were enumerated. In our August 2002 audit, we highlighted problems with fraudulent documents presented by non-citizens as part of the CY 2000 enumeration process.¹⁷ We referred these 14 cases to our Office of Investigations (OI) for review. OI reviewed the referrals and determined that they did not warrant further investigation. The cases were then sent to SSA for any appropriate action by the Agency.

Overall, the 85 non-citizens earned approximately \$3.2 million in unauthorized wages and self-employment income over a 12-year period, beginning in TY 1987 as shown in Table 2. Although a majority (66 sample cases) of the non-citizens earned \$50,000 or less in unauthorized wages during this period, there were 10 non-citizens who earned over \$100,000 in unauthorized wages.

**Table 2: Summary of Total Earnings for Non-Citizens
Unauthorized to Work (Tax Years 1987 to 1999)**

| Range of Unauthorized Wages | Number of Sample Cases | Percentage | Total Earnings |
|-----------------------------|------------------------|-------------|--------------------|
| \$1 -- \$10,000 | 27 | 32% | \$113,953 |
| \$10,001 -- \$50,000 | 39 | 46% | 1,002,732 |
| \$50,001 -- 100,000 | 9 | 11% | \$675,182 |
| \$100,001 -- \$200,000 | 8 | 9% | \$1,000,391 |
| Greater than \$200,001 | 2 | 2% | \$411,262 |
| Total | 85 | 100% | \$3,203,520 |

Eligibility for Social Security Benefits

All of the non-citizens in our sample may be able to use their unauthorized wages to acquire future Title II benefits, provided that all eligibility requirements are met, even under the more restrictive provisions recently passed by Congress. The Social Security Act, as amended by Public Law 108-203 § 211, now prohibits the payment of Title II benefits based on the earnings of any individual who is not a U.S. citizen or national, and has been enumerated for the first time after January 1, 2004, unless the non-citizen (1) has been issued an SSN to work in the United States on or after this date or (2) was admitted to the United States at any time as a nonimmigrant visitor for business or as a crewman under specified provisions of the Immigration and Nationality Act. SSA issued SSNs to all 85 non-citizens prior to January 1, 2004, based on DHS evidence the non-

¹⁷ SSA OIG, *The Social Security Administration Continues Assigning Original Social Security Numbers to Foreign-Born Individuals Who Present Invalid Evidentiary Documents* (A-08-02-12056), August 2002.

citizens provided;¹⁸ therefore, SSA can consider their unauthorized wages to qualify them and their family members for future Title II benefits.

In fact, for 2 of the 85 sample cases, the non-citizens and their family members were receiving disability and retirements benefits that were based upon the unauthorized wages. In both cases, the non-citizens and their family members filed for benefits in 2001, a year after the non-citizens were enumerated. In total, the non-citizens and their family members received over \$50,000 in benefits in CYs 2001 to 2004. If the unauthorized wages were not used to determine their quarters of coverage, the two non-citizens may not have been eligible for Title II benefits at the time they filed a claim.

SSN MISUSE AMONG NON-CITIZENS

For 63 of the 91 non-citizens in our sample cases, the Numberholders appeared to have committed some form of SSN misuse in the workplace.¹⁹ According to the Social Security Act, a person commits SSN misuse when they:

“...willfully, knowingly, and with intent to deceive the Commissioner of Social Security as to his true identity (or the true identity of any other person) furnishes or causes to be furnished false information to the Commissioner of Social Security....”²⁰

We found that among the 63 noncitizens who committed potential SSN misuse, 60 of these non-citizens were not authorized to work in the United States prior to their enumeration in CY 2000 (see Figure 2). Therefore, we estimate that the 60 sample cases represent approximately 16,580 cases of potential SSN misuse related to non-citizens enumerated in CY 2000 who were not authorized to work in the U.S. economy and had prior year wages posted to their records (see Appendix D for our estimation methodology). The remaining three non-citizens were authorized to work in 1999 and earlier, but misused valid and invalid SSNs to work. We estimate this group represents approximately 820 SSN misuse cases involving non-citizens enumerated in CY 2000 with prior year wages posted to their MEF records who were authorized to work. The misuse of SSNs by non-citizens continues to burden SSA as it attempts to resolve wage-reporting problems. SSA senior staff has acknowledged that the intentional misuse of SSNs by non-citizens not authorized to work is a major contributor to the growth of the ESF.²¹ We referred the 63 potential SSN misuse cases to OI for review. OI reviewed the referrals and determined that they did not warrant further investigation.

¹⁸ As noted earlier, in some cases the non-citizens may have presented fraudulent evidence to SSA personnel at the time of enumeration.

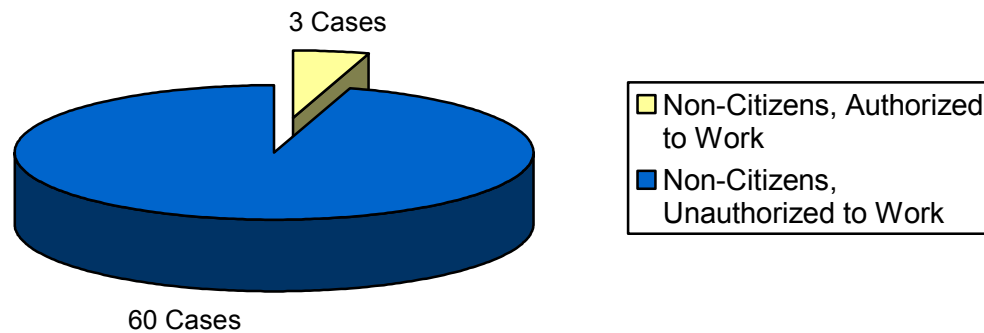
¹⁹ We also found potential SSN misuse among one U.S. citizen in our sample. This Numberholder was a naturalized citizen who appeared to have committed SSN misuse by using another person's SSN to earn self-employment income over a 12-year period, beginning in TY 1988.

²⁰ 42 U.S.C. § 408(a)(6).

²¹ SSA OIG, *Congressional Response Report: Status of the Social Security Administration's Earning Suspense File (A-03-03-23038)*, November 2002.

The cases were then sent to SSA for any appropriate action by the Agency.

**Figure 2: Potential SSN Misuse Among Non-Citizens
(63 Sample Cases)**



Characteristics of SSN Misuse

The 63 Numberholders committed potential SSN misuse by either using valid SSNs assigned to other Numberholders and/or invalid SSNs (a number that has not been issued by SSA). Specifically, we found the following:

- 35 misused valid SSNs;
- 19 used invalid SSNs;²² and
- 9 used multiple SSNs (valid and invalid).

For example in one case, we found an individual who used four separate SSNs to earn about \$138,000 in wages in TYs 1994 to 1999. SSA records showed that this individual used two SSNs that were assigned to someone else and two SSNs that were never issued by SSA. In all cases where individuals misused valid SSNs, we did not find that earnings records of the Numberholders assigned the SSNs were affected by the misuse because the wages were placed into the SSA's ESF. Nonetheless, SSN misuse can be very harmful to innocent individuals as it could possibly lead to identity theft.

OTHER REASONS FOR PRIOR YEAR WAGES

In 34 of the 100 sample cases, we reviewed SSA records and found the following:

- In 27 cases, the Numberholders (26 non-citizens and 1 U.S. citizen) filed tax returns with the Internal Revenue Service to report over \$348,000 in self-employment income for TYs 1997 to 1999 using the SSN assigned to them in

²² Three of these invalid numbers resembled an Individual Taxpayer Identification Number (ITIN). An ITIN is a 9-digit number that begins with a "9" and is issued by the Internal Revenue Service to individuals who need tax identification numbers for tax purposes and who otherwise do not meet the requirements for being assigned an SSN.

CY 2000. The Numberholders reported the self-employment income before the expiration of the statute of limitations for correcting earnings record. Under the Social Security Act, an earnings record can be corrected any time up to 3 years, 3 months, and 15 days after the year in which the wages were paid or the self-employment income was derived and thereafter for certain specified reasons.²³ Since the Numberholders used a valid work SSN to report self-employment income for prior years, the income was posted to their MEF records as part of the annual wage reporting process.

- In five cases with about \$555,000 in prior year wages, the Numberholders were assigned or used more than one SSN. In three cases, the Numberholders were assigned at least two SSNs, which were cross-referenced in SSA's records. SSA transferred the prior year wages from the original account to the new account assigned in CY 2000. We discussed these cases with SSA staff and they could not explain why the Numberholders were assigned the second SSN. For the two remaining cases, the Numberholders appeared to have shared a SSN with someone else with a similar name.²⁴ SSA assigned them a new SSN in CY 2000 and added their prior year wages to the new earnings record. However, we found that SSA did not transfer all of the Numberholder's wages from the other account. Therefore, the other Numberholders identified could potentially receive benefits based on those wages. We discussed these cases with SSA staff and they agreed the wages should be transferred to the new account. We referred the two cases to SSA for appropriate action.
- In one case, it appears SSA erroneously posted the wages to a Numberholder's record. A child born in 1999 had \$900 in wages posted to his MEF record for TYs 1956 and 1957. SSA's SWEEP²⁵ edit erroneously posted these wages to the child's record since the child and the wage earner shared similar surnames. It appears that SSA's electronic edits did not verify the date of birth of the Numberholder before wages were reinstated to their MEF record. We referred this case to SSA systems staff and they manually removed the wages from the child's earnings record and moved them to the ESF.²⁶ Further, they stated that in January 2004 a systems change was implemented to prevent the posting of wages prior to a Numberholder's date of birth for wages reported to SSA in TY 2003 and later. However, SSA staff stated they do not currently have plans

²³ Sections 205 (c)(4) and (5) of the Social Security Act.

²⁴ We reviewed similar situations in our earlier audit, *Social Security Numbers with More Than One Owner* (A-03-03-23003), June 2004.

²⁵ SWEEP is an electronic operation that periodically uses SSA's latest system enhancements and validation rules, including the more than 20 routine edits used on incoming wages, to remove items from the ESF and reinstate them to wage earners' MEF records.

²⁶ We reviewed all 1,382 Numberholders from the 1 segment of the Numident and found additional occurrences of posting of earnings prior to the Numberholders' date of birth. We referred these cases to SSA systems staff.

to implement a systems change to correct pre-TY 2003 earnings postings to individuals' MEF records prior to their birth since this could be a time-consuming process and potentially create new problems.²⁷

- In one case, SSA reconstructed the Numberholder's earnings record, which covered a 43-year period from 1957 to 1999. The Numberholder earned over \$1.2 million during this period. Many of these wages were placed in the ESF because of a misspelling of the Numberholder's last name, but the reported SSN was identical to the SSN assigned in CY 2000. According to SSA staff, the Numberholder's original Numident file, which was established in 1957, was lost as a result of a coding error. Therefore, SSA had to reestablish a Numident File for the Numberholder in CY 2000 and then reconstruct the earnings record. We were able to locate an earlier Form SS-5 further indicating this individual was assigned a valid SSN in 1957.

DATA INTEGRITY ISSUES

In our review of the 100 sample cases, we identified several data integrity problems within SSA's records, as well as between SSA's and DHS' records.

Misclassification of Citizenship Status in SSA Records

We found the citizenship and work authorization status for 6 of the 91 non-citizens in our sample were not classified properly within SSA records. In two cases, SSA classified the two Numberholders as U.S. citizens at the time they were enumerated, while their Form SS-5s clearly indicated that both were non-citizens. According to DHS records, one of the Numberholders became a legal permanent resident in May 2004 and the other was appealing a voluntary departure order issued by DHS. Further, we identified four cases where SSA classified non-citizens as authorized to work, but DHS' records indicated that these individuals did not receive an authorization to work until at least a year after they were enumerated. We referred the six cases to SSA for resolution.

In our August 2004 report, we noted the risks of improperly enumerating non-citizens and recommended that SSA reemphasize to field office personnel the importance of following all policies and procedures when enumerating individuals.²⁸ If field office personnel follow the policies and procedures, especially the procedure to verify through

²⁷ Although SSA does not plan to fix the items identified on the MEF at this time, SSA staff also noted that during the claims process SSA's Modernized Claims System identifies items with earnings before birth for manual review. These items are then evaluated to ensure the proper crediting of the earnings to the individual's MEF or placed in the ESF if they were posted to the individual's earnings record erroneously. However, this correction could take place decades after the erroneous posting and, in the meantime, the erroneous posted wages are not available should the true earner seek these earnings for his/her own benefit calculation.

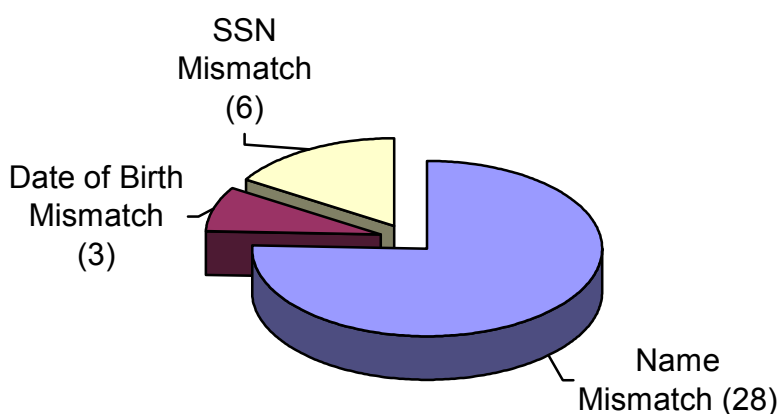
²⁸ SSA OIG, *Compliance with Policies and Procedures When Processing Non-citizen Social Security Number Applications at Foreign Service Posts* (A-08-04-14060), August 2004.

DHS the immigration status and work authorization of all non-citizens, the risk of misclassifying these individuals should be minimized.²⁹

Inconsistent Data between SSA and DHS Records

In our comparison of SSA and DHS records for the 91 sample cases involving non-citizens, we identified 37 cases where the SSN, name, and date of birth of the non-citizens were inconsistent between the two agencies (see Figure 3). The majority of the inconsistencies (28 cases) related to name mismatches (i.e. misspellings). In addition, we identified six cases where the SSNs included in DHS' records did not match the SSNs assigned to the non-citizens.³⁰ Two of these SSNs actually belong to U.S. citizens who were not associated with the non-citizens. We also found three cases where SSA and DHS had different dates of birth for the same individual. Inconsistent data between SSA and DHS could potentially lead to payment errors as SSA relies on DHS' data to verify the immigration and work authorization for non-citizens. Further, inconsistent data could potentially impede further data sharing between the two agencies. In our September 2003 report, we noted the need for SSA and DHS to work together to resolve data compatibility problems.³¹ We referred these 37 cases to SSA for further review.

**Figure 3: Inconsistent Data between SSA and DHS
(37 Sample Cases)**



²⁹ See Appendix E for SSA's enumeration procedures for non-citizens.

³⁰ As we note in Appendix E, DHS tracks non-citizens using alien registration numbers or admission numbers. Although we found SSNs were included in DHS' data system, they are not "required" to capture SSNs issued to non-citizens.

³¹ SSA OIG, *Profile of the Social Security Administration's Non-Work Alien File (A-14-03-23071)*, September 2003.

Conclusions and Recommendations

Under the existing statutory framework, SSA must pay benefits to individuals who have engaged in unauthorized employment under U.S. immigration law. While SSA is adhering to the Social Security Act in terms of recording these wages and paying benefits to such persons, these statutory requirements are benefiting non-citizens whose work activities are not consistent with U.S. immigration laws. In some specific cases, this practice may also be inconsistent with provisions to limit SSN misuse, such as certain penalties in the Social Security Act. Furthermore, recent laws to tighten controls over unauthorized work will have no effect on the non-citizens in our sample since all the non-citizens received their SSN prior to January 1, 2004.

As indicated in our prior audits the Agency has been receptive to our prior recommendations to (1) work with DHS to determine what information would be most beneficial to meet organizational goals and how to establish compatibility between their data files and (2) reemphasize to field office personnel the importance of following all policies and procedures when enumerating individuals. The conditions identified in this report suggest that opportunities for improvement still exist. As such, we continue to support our previous recommendations recognizing that the ultimate success is contingent upon reciprocal cooperation from other agencies. In addition, we recommend SSA:

1. Discuss these potential violations of immigration laws with DHS officials to ensure these officials are aware of statutory requirements regarding the posting of non-citizens' earnings, regardless of the non-citizens' authorization to work in the U.S. economy. This will provide DHS with additional background information which could assist them in performing their mission.
2. Review and correct, as appropriate, the earnings records from our sample cases where an individual had more than one SSN and wages still need to be transferred to the appropriate account.
3. Verify with the DHS and correct, as appropriate, the Numident records from our sample cases where the citizenship, work authorization, and other identifying information were inconsistent between SSA's and DHS' records.

AGENCY COMMENTS

Overall, SSA agreed with our recommendations. The full text of SSA's comments are included in Appendix G.

Appendices

Acronyms

| | |
|---------|--------------------------------------------------|
| ASVI | Alien Status Verification Index |
| CFR | Code of Federal Regulations |
| CIS | Central Index System |
| CY | Calendar Year |
| DHS | Department of Homeland Security |
| EOIR | Executive Office for Immigration Review |
| ESF | Earnings Suspense File |
| ESRD | End-Stage Renal Disease |
| FO | Field Office |
| ITIN | Individual Taxpayer Identification Number |
| LOSISV | Los Angeles Immigration Status Verification Unit |
| MEF | Master Earnings File |
| MES | Modernized Enumeration System |
| OI | Office of Investigations |
| OIG | Office of the Inspector General |
| POMS | Program Operations Manual System |
| Pub. L. | Public Law |
| SAVE | Systematic Alien Verification for Entitlements |
| SSA | Social Security Administration |
| SSN | Social Security number |
| TY | Tax Year |
| U.S.C. | United States Code |

FORMS

| | |
|------------|------------------------------------------------------------|
| Form G-845 | Document Verification Request |
| Form I-20 | Certificate of Eligibility for Nonimmigrant Student Status |
| Form I-551 | Permanent Resident Card |
| Form SS-5 | Application for a Social Security Card |

Section 211 of the Social Security Protection Act of 2004

The Social Security Protection Act of 2004 (Act) was signed into law on March 2, 2004.¹ Under Section 211 of this legislation, certain non-citizens must meet additional requirements to be fully or currently insured and to establish entitlement to benefits based on the non-citizen's earnings. This law applies to Title II benefits and Medicare based on End-Stage Renal Disease (ESRD).

Under Section 211, a non-citizen whose Social Security number (SSN) was originally assigned on or after January 1, 2004, must meet one of the following additional requirements to be fully or currently insured and in order to establish entitlement to any Title II benefit or ESRD Medicare based on the non-citizen's earnings:

- The alien worker must have been issued a SSN for work purposes at any time on or after January 1, 2004; or
- The alien worker must have been admitted to the United States at any time as a nonimmigrant visitor for business (B-1) or as an alien crewman (D-1 or D-2).²

EXAMPLES OF NEW PROVISIONS

The Social Security Administration's (SSA) instructions to employees provide a number of examples to clarify the necessary requirements.³ We have highlighted a few below to provide additional context to this issue.

First Example:

Catherine, age 18, entered the United States as a nonimmigrant on February 14, 2000. She was a legal alien not allowed to work. While in the United States, Catherine applied for a driver's license from the State of Pennsylvania on April 3, 2000. At that time, the State of Pennsylvania required a person to have a SSN to issue a driver's license. To meet the State's requirement, she applied for a SSN on April 5, 2000. SSA's enumeration procedures in place at the time allowed for the assignment of a SSN and issuance of a SSN card for nonwork purposes to an alien who applied for a driver's license from a State that required a SSN for driver's licenses. In keeping with this

¹ See Pub. L. No. 108-203 § 211.

² SSA, Program Operations Manual System (POMS), RS 00301.102: *Additional Requirements for Alien Workers—Social Security Protection Act of 2004*.

³ SSA, POMS, RS 00301.102(F).

policy, SSA assigned her a SSN and issued her a SSN card for nonwork purposes on June 12, 2000.⁴

Even though she was not authorized to work in the United States, Catherine began to work in this country without authorization from the Department of Homeland Security (DHS). Her wages were covered for Social Security purposes. Catherine's nonimmigrant status expired on August 13, 2000. She remained in the United States as an undocumented alien and continued to work without DHS authorization. On April 15, 2004, Catherine became disabled. She filed for Title II disability benefits on June 21, 2004.

The Act and Insured Status: Since Catherine's SSN was first assigned before January 1, 2004, she is exempt from the requirements of Section 211 of the Act. This is true even though she is an undocumented alien who is not allowed to work in the United States. Based on her covered earnings, Catherine met special insured status for disabled workers under age 31.

Lawful Presence: Catherine's disability benefits must be suspended since she is not lawfully present in the United States.⁵

Second Example:

Yelena entered the United States as a tourist on April 13, 1993. Her tourist nonimmigrant status expired October 12, 1993; but she stayed in the United States after that date without permission from DHS. Thus, after October 12, 1993, Yelena is in the United States as an undocumented alien. While in the United States, she had a daughter, Camille, who is a U.S. citizen by birth. Yelena worked without authorization from the DHS under Camille's SSN for 10 years.

Yelena became disabled on November 2, 2003. She filed for Title II disability benefits for herself and child's benefits for Camille on November 13, 2003. Yelena can be entitled to disability benefits based on primary evidence of wages, resolution of the scrambled earnings,⁶ and evidence that she met all factors of entitlement, including disability insured status. Section 205(c)(2)(F) of the Social Security Act requires a person to have a SSN as a condition for receipt of Title II benefits. If no such number has been assigned, the claimant must apply for a SSN.

⁴ SSA changed this policy on October 27, 2003. The need of an SSN to obtain a driver's license is no longer a valid reason for assigning a SSN/issuing a SSN card for nonwork purposes. See SSA, POMS, RM 00203.510: *Alien without Work Authorization - Nonwork Need for an SSN*.

⁵ SSA, POMS, RS 00204.010: *Lawful Presence Payment Provisions*.

⁶ "Scrambled earnings" can occur when (a) one person intentionally worked under another person's SSN (b) earnings for one individual are incorrectly reported (c) a Numberholder and spouse file a joint tax return and all of their earnings are reported under one spouse's SSN.

SSA assigned a SSN for nonwork purposes to Yelena on December 31, 2003 since (1) she was found eligible for a federally funded benefit (Title II disability benefit) and (2) having a SSN is a requirement for receipt of that benefit. Since Yelena is entitled to disability benefits, Camille can be entitled to child's benefits based on Yelena's earnings record.

The Act and Insured Status: Since Yelena's SSN was assigned before January 1, 2004, she does not have to meet one of the insured status requirements in Section 211 of the Act to establish entitlement for herself or Camille.

Lawful Presence: Since Yelena is an alien who filed for benefits on or after December 1, 1996, she must meet the lawful presence requirement⁷ to receive payment of the disability benefit to which she is entitled. Because Yelena is not in any immigration status that is considered lawfully present, her disability benefits must be suspended. Her daughter's benefits are not suspended since she is a U.S. citizen.

⁷ SSA, POMS, RS 00204.010.

Scope and Methodology

To accomplish our objective, we:

- Reviewed the Social Security Administration’s (SSA) policies and procedures regarding the enumeration process.
- Reviewed prior Office of the Inspector General audit reports related to unauthorized employment, nonwork Social Security numbers, non-citizen enumeration, and Social Security benefits paid to non-citizens.
- Selected a random sample of 100 sample cases from a population of 1,382 cases where Numberholders were enumerated in Calendar Year 2000 and had earnings posted to the Master Earnings File (MEF)¹ Tax Year 1999 and earlier. The population was extracted from one segment² of the Numident (see Appendix D for more details on the sampling methodology).
- For the individuals identified in our sample, we obtained copies of their Numident Files, MEF records, and *Applications for a Social Security Card* (Form SS-5).
- Verified the non-citizens work authorization status with the Department of Homeland Security (DHS). We verified the Alien registration number through DHS’ Alien Status Verification Index (ASVI) database. Additionally, we reviewed records from DHS’ Central Index System to manually verify those records where ASVI displayed exceptions or the Alien registration number was not visible on the Form SS-5s. We did not conduct an independent assessment of the reliability of DHS’ records.
- Reviewed the Master Beneficiary Records and Supplemental Security Records to determine whether the Numberholders included in our sample were receiving Social Security benefits.
- Interviewed DHS and SSA personnel to obtain their views on the Agency’s policies, procedures, and practices and to resolve discrepancies.

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

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

We tested the SSN data for accuracy and completeness and determined it to be sufficiently reliable to accomplish our objectives. The SSA entity audited was Office of Earnings, Enumeration and Administrative Systems under the Deputy Commissioner of Systems. We conducted our audit between September 2003 and November 2004 in Philadelphia, Pennsylvania. Our audit was conducted in accordance with generally accepted government auditing standards.

Sampling Methodology, Results and Projections

We obtained a data extract from the Social Security Administration's (SSA) Numident File and Master Earnings File (MEF). We performed a two part data extraction: (1) one segment¹ of the Numident consisting of all newly issued Social Security numbers (SSN) in Calendar Year (CY) 2000 and (2) earnings records from the MEF for those SSNs that had earnings posted for Tax Year (TY) 1999 or earlier. Our extract included both wages and self-employment income for the Numberholders. The data extract consisted of 1,382 records from 1 segment of the Numident where individuals who were enumerated in CY 2000 and also had earnings posted to their MEF records for TY 1999 and earlier. For all 20 segments of the Numident file, we estimate that there are 27,640 citizens and non-citizens enumerated in CY 2000 with earnings posted to their MEF records in TY 1999 and earlier.

From the 1,382 SSNs, we randomly selected a sample size of 100 cases from 1 segment of the Numident. Based on our sample results, we estimate the following:

- The 91 non-citizens in our sample represent approximately 25,160 (1,258 projected cases of unauthorized work multiplied by 20 segments of the Numident file) non-citizens who were enumerated in CY 2000 and had wages posted to their earnings record for prior years.
- The 85 non-citizens who were not authorized to work in the U.S. economy represent approximately 23,500 (1,175 projected cases of unauthorized work multiplied by 20 segments of the Numident file) potential violations of immigration laws prior to SSA's enumeration of these non-citizens in CY 2000.
- The 60 non-citizens, who were not authorized to work and committed some form of SSN misuse, represent approximately 16,580 (829 projected cases of potential SSN misuse multiplied by 20 segments of the Numident file) potential SSN misuse cases related to non-citizens who are unauthorized to work and enumerated in CY 2000.
- The 3 non-citizens who were authorized to work and committed SSN misuse represent approximately 820 (41 projected cases of potential SSN misuse multiplied by 20 segments of the Numident file) potential SSN misuse cases related to non-citizens authorized to work and enumerated in CY 2000.

¹ A segment represents one-twentieth of the Numident files. The Numident files are separated into 20 segments based on the last 2 digits of the SSN. Since these last digits are not specific to a region or period of issuance, each segment should be representative of the entire file.

The chart below provides a detailed breakdown of the results of our sample along with the attribute projections.

| Sample Results and Estimates | |
|------------------------------------------------------------------------------------------------------------------------------------|---------------|
| Attribute Estimate | |
| Population size in items (one segment of Numident file) | 1,382 |
| Population size in items (all 20 segments of the Numident file) | 27,640 |
| Sample size | 100 |
| Attribute Estimate – Non-Citizens | |
| Sample cases – number of non-citizens identified | 91 |
| Projection – number of non-citizens identified in our population | 1,258 |
| Projection lower limit | 1,175 |
| Projection upper limit | 1,315 |
| Estimate – Number of non-citizens identified within the entire Numident file (records in 1 segment x 20 segments) | 25,160 |
| Attribute Estimate – Work Authorization | |
| Sample cases – number of non-citizens unauthorized to work | 85 |
| Projection – number of non-citizens unauthorized to work | 1,175 |
| Projection lower limit | 1,079 |
| Projection upper limit | 1,249 |
| Estimate – Number of non-citizens unauthorized to work within the entire Numident file (records in 1 segment x 20 segments) | 23,500 |

| Sample Results and Estimates (Continued) | |
|----------------------------------------------------------------------------------------------------------------------------------------------------------|---------------|
| Attribute Estimate – Misuse and No Work Authorization | |
| Sample cases – number of non-citizens who potentially used a SSN and were not authorized to work | 60 |
| Projection – number of individuals who potentially misused a SSN | 829 |
| Projection lower limit | 713 |
| Projection upper limit | 940 |
| Estimate – Number of unauthorized non-citizens who potentially misused a SSN within the entire Numident file (records in 1 segment x 20 segments) | 16,580 |
| Attribute Estimate – Misuse and Work Authorization | |
| Sample cases – number of non-citizens who potentially used a SSN and were authorized to work | 3 |
| Projection – number of individuals who potentially misused a SSN | 41 |
| Projection lower limit | 11 |
| Projection upper limit | 103 |
| Estimate – Number of authorized non-citizens who potentially misused a SSN within the entire Numident file (records in 1 segment x 20 segments) | 820 |

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

Enumeration of Non-Citizens

In Fiscal Year 2004, the Social Security Administration (SSA) issued over 17.5 million original and replacement Social Security number (SSN) cards to citizens and non-citizens. When SSA assigns a SSN or issues a Social Security card, it independently verifies the authenticity of the United States birth records for applicants age 1 and over, immigration records, and other identification documents the applicant presented to ensure the integrity of the process.

How SSA Assigns Original SSNs

When an individual applies for an original SSN, he or she must first complete, sign, and submit a Form SS-5, *Application for a Social Security Card*, to a SSA field office (FO). SSA requires the applicant to provide acceptable documentary evidence of (1) age, (2) identity, and (3) U.S. citizenship or lawful alien status. Upon submission, the FO employee enters applicant information and a description of the evidence presented into the Modernized Enumeration System (MES).

If, after reviewing the application and supporting evidentiary documentation and independently verifying the documents with the issuing Agency, the FO employee believes the documents and information are valid, he or she certifies the application for overnight validation. Once entered and certified in MES, the SSN application undergoes automated edits. For example, SSA's 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.

Evidentiary Documents Submitted

Evidence of Age: To verify a U.S. citizen's age, SSA requests a birth certificate issued by State or local vital statistics agencies. The U.S. birth certificate needs to be established before the applicant reached 5 years of age. Common examples of documents used to establish a non-citizen's age are a foreign birth certificate, passport, or Department of Homeland Security (DHS) documents.

Evidence of Identity: An identity document submitted as evidence must be recently issued and provide information so FO personnel can compare its contents with Form SS-5 data and/or with the applicant's physical appearance. Acceptable identity documents are drivers' licenses, passports, school identification cards, marriage or divorce certificates, or military records. For foreign-born applicants, SSA accepts as evidence of identity a DHS document submitted as evidence of age only if the applicant has no other document of probative value for identity and is a refugee, parolee, or asylum applicant.

Evidence of Work Authorized or Lawful Alien Status: Applicants who allege a foreign place of birth and/or who are not U.S. citizens must submit evidence supporting either lawful alien status and/or DHS-granted work authorization. DHS issues numerous documents that indicate the status and class of aliens. For example, the Form I-551, *Permanent Resident Card*, establishes the alien as lawfully admitted for permanent residence, which is evidence of work authorization.

Verification of Evidentiary Documentation with DHS

SSA has a number of electronic and paper interfaces with DHS to verify evidentiary documents provided during the application process. The use of a particular DHS process relates to whether an individual is seeking asylum or other nonimmigrant category, or is a refugee, permanent resident alien, or parolee. SSA's policies and procedures require that FO staff verify non-citizen evidentiary documentation through visual inspection, including use of a black light where appropriate, and with DHS through on-line or manual verification. Verification of evidentiary documentation with DHS is mandated in all non-citizen cases.

Primary Verification Interfaces

Systematic Alien Verification for Entitlements (SAVE): The SAVE program provides a method of document verification within an automated environment. The Alien Status Verification Index (ASVI) database, included as part of SAVE, contains certain biographic information and current status on over 25 million aliens. Each FO must verify immigration documents submitted via the ASVI system. With this database, FO staff can enter an alien's registration number or admission number and determine whether the information alleged by the applicant is valid. If ASVI cannot verify the document, a manual verification is required using the additional processes described next.

Direct DHS Verification: A Form G-845, *Document Verification Request*, is part of the manual verification process required by SAVE. This method is used to validate alien documentation after primary verification, when appropriate, or in those situations when verification through SAVE is not applicable. Procedures instruct DHS to check other data sources and respond to SSA within 20 days of receipt.

Executive Office for Immigration Review (EOIR): The Department of Justice's EOIR provides a status telephone line that SSA's FO personnel can use to determine whether an applicant for a SSN has been granted asylum or there is an appeal pending on the particular case. As of April 2001, DHS considers aliens granted asylum to have permanent employment authorization and requests that SSA treat them as permanent resident aliens for enumeration purposes.

Los Angeles Immigration Status Verification Unit (LOSISV): A new procedure was implemented on January 5, 2004, to verify immigration status for exchange visitors and foreign students when the individual's data cannot be verified through SAVE. Additional documents, such as a Form I-20, *Certificate of Eligibility for Nonimmigrant Student Status*, completed by the school, and school letters or certification of employment, when the student is authorized to work, are needed if the person has been in the United States for at least 10 days and no on-line SAVE data is available. Verification of the documents must be requested through the Los Angeles Immigration Status Verification Unit (LOSISV).

To perform this verification, a fax cover sheet along with a completed Form G-845 and appropriate documents (such as Form I-20), are either faxed or sent via express mail service (as appropriate) to LOSISV. This will verify the exchange visitor or foreign student's status when the person has been in the United States for at least 10 days and no on-line SAVE data is available. Procedures instruct LOSISV to respond to SSA via fax within 5 business days from the date sent.

Country of Birth for Sample Cases

The 100 Numberholders included in our sample were born in 29 different countries including the United States. Most of the Numberholders were born in either Mexico or Honduras.

| Number of Countries | Country of Birth | Number of Sample Cases |
|---------------------|-----------------------------------|------------------------|
| 1 | Mexico | 35 |
| 2 | Honduras | 14 |
| 3 | Colombia | 3 |
| 4 | Haiti | 3 |
| 5 | Canada | 3 |
| 6 | Ecuador | 3 |
| 7 | El Salvador | 3 |
| 8 | Egypt | 2 |
| 9 | Nigeria | 2 |
| 10 | Peru | 2 |
| 11 | Poland | 2 |
| 12 | Trinidad | 2 |
| 13 | Nicaragua | 2 |
| 14 | Brazil | 1 |
| 15 | British Honduras | 1 |
| 16 | China | 1 |
| 17 | Czech Republic | 1 |
| 18 | Denmark | 1 |
| 19 | Germany | 1 |
| 20 | Guyana | 1 |
| 21 | Jamaica | 1 |
| 22 | Liberia | 1 |
| 23 | Lithuania | 1 |
| 24 | Malaysia | 1 |
| 25 | South Korea | 1 |
| 26 | St. Vincent and Grenadines | 1 |
| 27 | Suriname | 1 |
| 28 | United Kingdom | 1 |
| | Sub-total: | 91 |
| 29 | United States | 7 |
| | Naturalized (Mexico and Columbia) | 2 |
| | Sub-Total: | 9 |
| | Total: | 100 |

Agency Comments



SOCIAL SECURITY

MEMORANDUM

Date: July 15, 2005 **Refer To:** S1J-3

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

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

Subject: Office of the Inspector General (OIG) Draft Report, "Reported Earnings Prior to the Issuance of a Social Security Number" (A-03-04-14037)--INFORMATION

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

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

Attachment:
SSA Response

**COMMENTS ON THE OFFICE OF THE INSPECTOR GENERAL DRAFT REPORT,
"REPORTED EARNINGS PRIOR TO THE ISSUANCE OF A SOCIAL SECURITY
NUMBER" (A-03-04-14037)**

Thank you for the opportunity to review and comment on the draft report. We appreciate your acknowledgement of the steps we have taken on prior audit recommendations to:

1) work with the Department of Homeland Security (DHS) to determine what information would be most beneficial to meet organizational goals and how to establish compatibility with their data files; and 2) reemphasize to field office personnel the importance of following all policies and procedures when enumerating individuals. As we continue to look for ways to strengthen our policies, we understand that a cooperative partnership with other agencies will assist in improving the enumeration process. Our responses to the specific recommendations and some technical comments are provided below.

Recommendation 1

The Social Security Administration (SSA) should discuss these potential violations of immigration laws with DHS officials to ensure these officials are aware of SSA's policies regarding the posting of non-citizens' earnings, regardless of the non-citizens' authorization to work in the U.S. economy. This will provide DHS with additional background information which could assist them in performing their mission.

Response

We agree. Each year SSA provides DHS with the names and addresses of the aliens, the names and addresses of the individuals reporting the earnings, and the amount of earnings for all individuals who have earnings recorded to a Social Security number (SSN) which we are aware was assigned for nonwork purposes. We believe this information is sufficient to enable DHS to investigate potential violations.

Recommendation 2

SSA should review and correct, as appropriate, the earnings records from our sample cases where an individual had more than one SSN and wages still need to be transferred to the appropriate account.

Response

We agree. However, earnings for individuals with more than one SSN are not transferred, but are cross-referred to the other SSN. We have received the list of SSNs for the cases cited in this report and will take any appropriate corrective action.

Recommendation 3

SSA should verify with the DHS and correct, as appropriate, the Numident records from our sample cases where the citizenship, work authorization, and other identifying information were inconsistent between SSA's and DHS' records.

Response

We agree. The Numident records should be corrected and coordination between the agencies as needed. However, the Numident record reflects the identifying information, citizenship and/or work authorization status at the time the application for an SSN was processed. A subsequent change in citizenship or work authorization status is only added to the Numident when an application for a replacement card is processed. A resolution of the discrepant information between DHS and SSA would require more than a simple verification. As stated above, we have initiated all appropriate corrective actions on the list of SSNs provided by OIG.

[SSA also provided technical comments which have been addressed, where appropriate, in this report.]

OIG Contacts and Staff Acknowledgments

OIG Contacts

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Acknowledgments

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Annette DeRito, Writer/Editor

For additional copies of this report, please visit our web site at www.socialsecurity.gov/oig or contact the Office of the Inspector General's Public Affairs Specialist at (410) 965-3218. Refer to Common Identification Number A-03-04-14037.

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Social Security Advisory Board

Overview of the Office of the Inspector General

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

Office of Audit

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

Office of Investigations

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

Office of the Chief Counsel to the Inspector General

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

Office of Executive Operations

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