

January 2005

# SOCIAL SECURITY ADMINISTRATION

## Actions Needed to Strengthen Processes for Issuing Social Security Numbers to Children



Highlights of [GAO-05-115](#), a report to the Chairman, Committee on Finance, United States Senate

**Why GAO Did This Study**

In fiscal year 2004, the Social Security Administration (SSA) issued about 4.2 million original Social Security numbers (SSN) and 2 million SSN replacement cards to U.S.-born children. Despite its narrowly intended purpose, today, young children need a SSN to be claimed on their parent's income tax return or to apply for certain government benefits. Because children's SSNs, like all SSNs, are vulnerable to theft and misuse, the Chairman of the Senate Committee on Finance requested that GAO (1) document SSA's current processes and internal controls for issuing SSNs to U.S.-born children under the age of 18 and (2) identify any weaknesses that may affect SSA's ability to ensure the integrity of the SSN and the efficiency of enumeration processes.

**What GAO Recommends**

GAO recommends that SSA strengthen its SSN processes through increased EAB oversight, better coordination with audit agencies, improved EAB education, and policy clarification on handling birth certificates. SSA disagreed with GAO's recommendation to increase oversight but agreed with the remaining recommendations and outlined planned or ongoing efforts to address them.

Since birth certificates are key to SSN issuance, GAO recommends that the Congress consider developing a nationwide system to verify birth records.

[www.gao.gov/cgi-bin/getrpt?GAO-05-115](http://www.gao.gov/cgi-bin/getrpt?GAO-05-115).

To view the full product, including the scope and methodology, click on the link above. For more information, contact Barbara Bovbjerg at (202) 512-7215 or [bovbjergb@gao.gov](mailto:bovbjergb@gao.gov).

**SOCIAL SECURITY ADMINISTRATION**

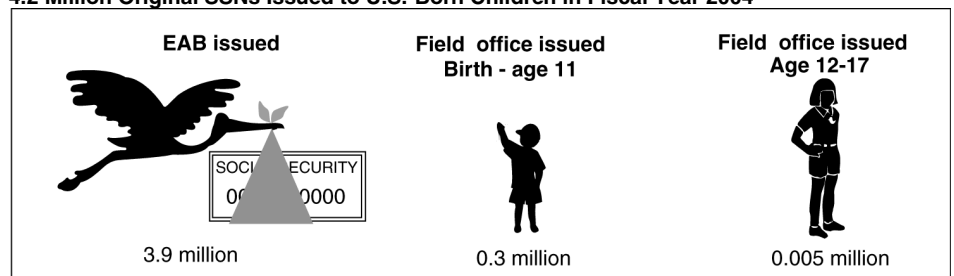
**Actions Needed to Strengthen Processes for Issuing Social Security Numbers to Children**

**What GAO Found**

SSA has two processes for issuing SSNs to U.S.-born children—one that allows parents to request SSNs through a hospital during birth registration and one that permits them to apply through SSA field offices—both of which include various internal control mechanisms. Today, SSA issues the majority of SSNs to children through its Enumeration at Birth (EAB) program. Participating hospitals forward the SSN request and other birth registration data to vital statistics agencies, which then send it to SSA. SSA's automated system ensures that the data are complete and mails the SSN to the parent. Parents may also request SSNs through SSA field offices by mail or in person. This process requires parents to present proof of the child's age, identity, and citizenship as well as proof of their own identity. As fraud prevention measures, SSA also interviews children 12 and older and verifies documents with a third party for those over age 1. If a child's SSN card is lost or stolen, parents may also apply for a replacement card. SSA requires proof of identification for both the parent and the child to obtain such cards.

Despite SSA's efforts to improve its enumeration processes, weaknesses persist in EAB program oversight and outreach, manual birth verification procedures, and other vulnerabilities that could adversely affect the integrity of SSA's processes. Federal internal control standards state that agencies should assess and mitigate risk to their programs. However, SSA does not conduct comprehensive integrity reviews, or coordinate with external auditing agencies to ensure that vital statistics agencies and hospitals are properly collecting and protecting enumeration data for children. In addition, SSA lacks a nationwide capability to efficiently verify birth certificates for children whose parents apply through SSA field offices, although a prior SSA pilot proved successful in providing such verifications. Further, SSA lacks a policy for securing and tracking birth certificates once manual verifications are complete, making these documents vulnerable to misuse. Finally, SSA's policies for verifying birth certificates of children under age 1 and for issuing replacement SSN cards, which allow for up to 52 cards annually, remain weak and could expose the program to fraud. The Intelligence Reform and Terrorism Prevention Act of 2004 will assist SSA in protecting the integrity of the SSN by requiring the agency to verify birth documents for all SSN applicants, except for EAB purposes, and limit the issuance of SSN replacement cards.

**4.2 Million Original SSNs Issued to U.S.-Born Children in Fiscal Year 2004**



Source: SSA and Art Explosion.

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**Abbreviations**

CIRP	Comprehensive Integrity Review Process
EAB	Enumeration at Birth
EVVE	Electronic Verification of Vital Events
HIPAA	Health Insurance Portability and Accountability
MES	Modernized Enumeration System
NAPHSIS	National Association for Public Health Statistics and Information Systems
NASACT	National Association of State Auditors, Comptrollers and Treasurers
OIG	Office of the Inspector General
OSI	Office of Special Investigations
POMS	Program Operations Manual System
SR	Service Representative
SSA	Social Security Administration
SSN	Social Security Number
VSA	Vital Statistics Agency

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United States Government Accountability Office  
Washington, DC 20548

January 31, 2005

The Honorable Charles E. Grassley  
Chairman  
Committee on Finance  
United States Senate

Dear Mr. Chairman:

Today, the majority of children born in the United States are assigned a Social Security number (SSN) before their first birthday. The Social Security Administration (SSA) refers to the assignment of original SSNs and replacement SSN cards as “enumeration.” In fiscal year 2004, SSA issued over 4 million original SSNs to U.S.-born children, of which over 90 percent were to children under age 1. The agency also issued over 2 million replacement cards to U.S.-born children. SSNs were originally created to track workers’ employment history and eligibility for Social Security benefits. However, today, SSNs are used for a myriad of purposes, and even children born as U.S. citizens must have SSNs to be claimed as dependents on their parents’ tax returns and to receive benefits from federal programs. Because SSNs are central to so many aspects of American life, children’s SSNs, like all SSNs, are vulnerable to fraud and financial crimes.

Various news accounts and identity crime experts report that the theft of a child’s identity may go undetected for years until an event—such as an application for a driver’s license—reveal that the child’s identity was stolen. Because of increasing concerns regarding the enumeration of children, the Chairman of the Senate Finance Committee requested that we (1) document current processes and internal controls for issuing SSNs to U.S.-born children under the age of 18 and (2) identify any weaknesses that may affect SSA’s ability to ensure the integrity of the SSN and the efficiency of enumeration processes.

To complete our work, we examined SSA’s Program Operations Manual System and met with SSA officials to identify the processes used to enumerate children. We also documented the roles of select hospitals and vital statistics agencies, which facilitate SSA’s process for enumerating newborns. To identify weaknesses that may affect SSA’s ability to efficiently enumerate children and ensure the integrity of the SSN, we collected and analyzed information on SSA’s enumeration initiatives, the

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results of prior internal reviews, and studies performed by SSA's Office of the Inspector General (OIG) and Office of Quality Assurance and Performance Assessment. In addition, we contacted the National Association of State Auditors, Comptrollers and Treasurers (NASACT) as well as individual state comptrollers and inspectors general to identify and obtain any relevant reviews of their state vital statistics agencies' birth registration and certification processes. Also, our Office of Special Investigations (OSI) tested SSA's practices for issuing replacement cards to children by posing as parents of fictitious children and using counterfeit documents in an attempt to obtain multiple cards.

We conducted our review at SSA headquarters in Baltimore, Maryland, and at four regional offices—Atlanta, New York, Philadelphia, and San Francisco—and 10 field offices. We selected the SSA regional and field offices based on their geographic location, the volume of enumeration activity, and participation in certain enumeration projects. We also spoke with officials in vital statistics agencies and medical facilities in the states of California, Georgia, Kentucky, and Maryland and the city of New York. Our Office of Special Investigations conducted its work in 7 SSA field offices in the District of Columbia, Maryland, and Virginia. We conducted our work between January and December 2004 in accordance with generally accepted government auditing standards. Appendix I discusses our scope and methodology in further detail.

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## Results in Brief

SSA has two processes for issuing SSNs to U.S.-born children—one that allows parents to request SSNs through a hospital during birth registration and one that permits them to apply through SSA field offices—both of which include various internal control mechanisms. Today, SSA issues the majority of SSNs to children through its Enumeration at Birth (EAB) program. Participating hospitals forward the SSN request and other birth registration data to vital statistics agencies, which then send pertinent data to SSA. SSA's automated system ensures that the data are complete and mails the SSN to the parents. Parents may also request SSNs through SSA field offices by mail or in person. This process requires parents to fill out an application and to present at least two original documents as proof of the child's age, identity, and citizenship as well as proof of their own identity. For any child over age 1, SSA also requires staff to independently verify birth certificates with the issuing vital statistics agency. In addition, SSA conducts in person interviews with all children applicants age 12 and older, as an additional safeguard against identity theft. SSA uses both managerial and automated reviews to ensure that SSNs are issued properly. If a child's SSN card is lost or stolen, parents may also apply for

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a replacement card via the field office process. To issue a replacement, SSA requires proof of identification for both the parent and the child.

Despite SSA's efforts to improve its enumeration processes, weaknesses in EAB program oversight and outreach, manual birth verification procedures, and other vulnerabilities could adversely affect the integrity and efficiency of its processes. Our *Standards for Internal Control in the Federal Government*<sup>1</sup> state that federal agencies should assess and mitigate risk and promptly evaluate findings from audits that could affect the integrity of key operations. However, SSA has not conducted such comprehensive integrity reviews to ensure that vital statistics agencies and hospitals are properly collecting and protecting birth registration data used to enumerate children. Although some external audit agencies at both the federal and state levels have reviewed vital statistics agencies and identified weaknesses, SSA does not coordinate with these agencies and is unaware of these reviews. SSA has also provided only limited education and outreach to hospitals to ensure they consistently provide information to parents regarding the timeframes for processing EAB requests. Thus, some parents who opt for EAB may, subsequently, apply a second time at a SSA field office because they do not know how long EAB takes to process their application and issue a card for their child. Such multiple applications can result in the issuance of two distinct SSNs for the same child. In addition, SSA currently lacks a nationwide electronic capability to efficiently verify birth certificates for children whose parents apply through SSA field offices, as well as clear policies for securing and tracking of birth certificates once manual verification is completed, leaving these documents vulnerable to theft and misuse. Finally, SSA's policy on verifying birth certificates for children under age 1 and policy for issuing SSN replacement cards are weak and could expose the program to fraudulent enumerations. For example, SSA's policy does not require field office staff to verify birth documents for children under age 1 and allows individuals to obtain up to 52 replacement cards annually. To illustrate this, we used the same original SSNs we obtained with counterfeit documents for two fictitious children during a previous review to apply for replacement cards. Our investigators acquired 8 replacement cards in less than 6 weeks, before SSA field office staff placed a fraud alert on the two SSN records, demonstrating that once a person obtains a SSN fraudulently, the problem can be quickly expanded with requests for

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<sup>1</sup>See GAO, *Standards for Internal Control in the Federal Government*, GAO/AIMD-00-21.3.1 (Washington, D.C.: November 1999).

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numerous replacement cards. Just prior to issuance of this report, Congress passed the Intelligence Reform and Terrorism Prevention Act of 2004, which included provisions to require SSA to verify the birth documents of all SSN applicants and limit the number of replacement cards an individual may obtain.

We are making several recommendations to SSA that are intended to strengthen SSA's processes and internal controls over the issuance of SSNs for children. We are also asking Congress to consider authorizing the development of a cost-effective system to enable SSA to electronically verify birth documents with vital statistics agencies for all SSN applicants. In response to our draft report, SSA disagreed with our recommendation that it increase EAB oversight to ensure the reliability of enumeration data it receives from vital statistics agencies. SSA noted that it is not within its purview to ensure the reliability of state agency or hospital birth data. We continue to believe that SSA has a responsibility under internal control standards for federal agencies to ensure that the data it receives are reliable and we believe the contracts between SSA and vital statistics agencies provide a mechanism to ensure more effective oversight. SSA agreed with our recommendations for better coordination with audit agencies, improved EAB outreach and education, and policy clarification on handling birth certificates obtained for verification purposes and provided information on planned or current actions to address them. SSA's comments are reproduced in appendix II.

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## Background

The Social Security Act of 1935 authorized SSA to establish a record-keeping system to help manage the Social Security program, which resulted in the creation of the Social Security number.<sup>2</sup> SSA uses the SSN as a means to track workers' earnings and eligibility for Social Security benefits and assigns a unique number to every person and uses this number to create a work and retirement benefit record for the individual. SSA issues SSNs to most U.S. citizens, and they are also available to non-U.S. citizens with permission to work from the Department of Homeland Security. Also, in certain cases, SSA issues SSNs to non-U.S. citizens without permission to work who require a SSN to receive federal benefits or to lawfully admitted non-U.S. citizens to receive state or local public assistance benefits. Due to the number's unique nature and broad

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<sup>2</sup>The Social Security Act of 1935 created the Social Security Board, which was renamed the Social Security Administration in 1946.



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applicability, the SSN has become the identifier of choice for government agencies and private businesses and is used for numerous non-Social Security purposes, such as opening bank accounts and filing taxes. Today, even young children need a SSN to obtain medical coverage, be claimed on their parents' income tax return, or establish eligibility for other government or financial benefits.

In fiscal year 2004, SSA issued approximately 5.5 million original SSNs and 12.4 million replacement cards, of which roughly 4.2 million originals and 2.3 million replacements were for U.S.-born children under age 18, as shown in table 1. SSA's headquarters, in conjunction with its 1,333 field offices, issued these SSNs and cards to U.S. and noncitizen applicants. The primary guidance SSA uses to carry out its enumeration processes is the Program Operations Manual System (POMS).<sup>3</sup> Under this guidance, SSA field offices are responsible for interviewing applicants for both original and replacement Social Security cards, reviewing evidentiary documents, verifying immigration and work status of applicants, and keying information into SSA's automated enumeration system. Due to the burden on field offices from the increased demand for SSNs, SSA implemented its Enumeration at Birth program nationally in 1989 to provide parents with a convenient opportunity to request SSNs for their newly born children without visiting a field office. To facilitate this program, SSA contracts with state and jurisdictional vital statistics agencies to obtain specific information required to issue SSNs to newborns. As of March 2004, SSA had EAB contracts with 50 states and 3 independent registration jurisdictions, for a total cost of approximately \$8.2 million.<sup>4</sup>

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<sup>3</sup>POMS is the single repository of all operational information whether issued by SSA's central office, a program service center, or a regional office. As such, POMS not only contains operating procedures and policies for administering SSA's programs, but is also replete with procedures for handling situations where fraud is suspected or detected.

<sup>4</sup>Independent registration jurisdictions include New York City, Washington, D.C., and Puerto Rico. Because some New York City Department of Health statutes supersede those of New York State, that city's office is recognized as its own jurisdiction, making New York the only state with two jurisdictions for vital records.

**Table 1: Original SSNs and Replacement Social Security Cards Issued in Fiscal Year 2004**

<b>Numbers in millions</b>	<b>U.S. citizens</b>	<b>Noncitizens</b>	<b>Total</b>
Original SSNs issued	4.30 <sup>a</sup>	1.17	<b>5.47</b>
Replacement Social Security cards issued	11.50	0.87	<b>12.37</b>
<b>Total</b>	<b>15.80</b>	<b>2.04</b>	<b>17.84</b>

Source: SSA.

<sup>a</sup>Of the 4.30 million original SSNs issued for U.S. citizens, approximately 4.22 million were for U.S.-born children under age 18. Also, of the roughly 11.50 million replacement cards issued to U.S. citizens, approximately 2.32 million were for U.S.-born children under age 18.

Hospital personnel, sometimes referred to as birth registrars or clerks, generally have overall responsibility for gathering and forwarding the birth certificate information and SSN requests to state or local vital statistics agencies.<sup>5</sup> In instances when a baby is born outside a hospital, the responsibility for filing the birth information typically rests on the midwife or other person in attendance, one of the parents, or the person in charge of the place where the birth occurred.

State vital statistics agencies are usually found within a state or jurisdiction's department of health. According to the National Association for Public Health Statistics and Information Systems (NAPHSIS),<sup>6</sup> vital statistics for the United States are obtained from the official records of live births, deaths, fetal deaths, marriages, divorces, and adoptions. The official recording of these events is the responsibility of individual states and independent registration areas, such as the District of Columbia and New York City. Governments at all levels—federal, state, and local—use vital records for statistical purposes through cooperative arrangements with the respective state agency. At the time of our audit work, most states restricted access to birth records, but according to NAPHSIS, 11 states allowed “open” access to birth records, meaning that no identification

<sup>5</sup>Birthing centers may also provide parents with the opportunity to participate in SSA's EAB program. For example, the Brooklyn Birthing Center in Brooklyn, New York, provides this service to parents. Typically, a birthing center is an independent facility, though some are housed inside hospitals, where a certified nurse-midwife provides most of the care.

<sup>6</sup>NAPHSIS is a national association of state vital records and public health statistics offices, which is based in the Washington, D.C. area. The association was formed in 1933 to provide a forum for the study, discussion, and solution of problems related to these programs in the respective members' health departments.

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requirements or relationship is needed to obtain a certified copy of a birth certificate.<sup>7</sup>

Identity theft is one of the fastest growing crimes in the United States. In 2004, the Federal Trade Commission reported that in recent years some 10 million people—or 4.6 percent of the adult population—discovered that they were victims of some form of identity theft. These numbers translate into estimated losses exceeding \$50 billion, but the extent to which these statistics represent children is not well documented. However, various news accounts and identity crime experts report that the theft of a child's identity may go undetected for several years until an event—such as an application for a driver's license—reveals that the child's identity was stolen. Furthermore, children may also face future financial consequences if their SSN and name are used years before they first establish credit.

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## SSA Has Specific Processes for Issuing SSNs and Replacement Cards To Children

SSA has two primary processes for issuing SSNs and replacement cards to children born in the United States. Today, most SSNs are issued to children through SSA's EAB program, while the parents of a much smaller number of children receive SSNs through SSA's field office application process. To ensure that SSNs are issued properly, SSA monitors data on EAB processing times and error rates and performs various integrity checks for those SSNs issued by field office staff. SSA also has specific policies for issuing replacement cards to children.

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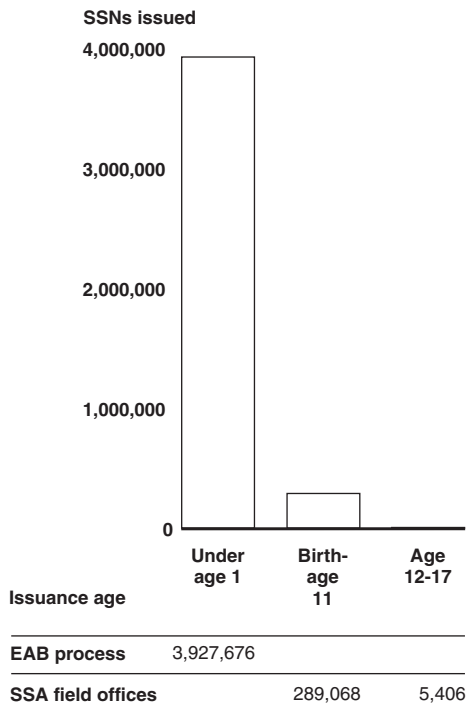
## Majority of SSNs Are Issued to Children through SSA's Enumeration at Birth Process

In 2004, SSA issued roughly 90 percent of SSNs to children through its EAB program. As shown in figure 1, the majority of SSA's enumeration workload involves U.S.-born children who generally receive their SSNs via states' and jurisdictions' birth registration process facilitated by hospitals. Under this process, SSA accepts birth registration data from vital statistics agencies as evidence of a child's age, identity, and citizenship. In fiscal year 2004, SSA issued approximately 3.9 million SSNs through EAB.

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<sup>7</sup>The recent passage of the Intelligence Reform and Terrorism Prevention Act of 2004 directs the Secretary of Health and Human Services, in consultation with state vital statistics agencies and certain federal agencies, to establish additional security measures for issuing birth certificates to a person who is not the applicant.

**Figure 1: Original SSNs Issued to U.S.-Born Children in Fiscal Year 2004**



Source: SSA.

Hospital participation in EAB is voluntary. While SSA and state vital statistics agencies have strongly encouraged participation in the EAB program, the extent of nationwide hospital participation is unknown. However, SSA officials believe that most hospitals participate in EAB.

Under EAB, parents in the hospitals we visited could request a SSN for their newborn child via the hospital’s birth registration worksheet. This worksheet was typically a standardized state-issued form used to capture the demographic and medical information required for the child’s birth certificate. For those parents choosing to participate in the program, SSA

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guidance states that hospital representatives should provide parents with a receipt as proof of their SSN request.<sup>8</sup>

Of the nine medical facilities we visited, all provided parents with the opportunity to request SSNs through EAB. However, each had established its own unique policies, procedures, and internal controls for collecting, maintaining, and transmitting birth information, including the SSN request, in accordance with federal and state statutes. For example, one state required that its hospitals submit all birth information directly to the state vital statistics agency within 72 hours of the birth, while in another state, the law required that birth information be submitted to the local registrar within 10 days of the birth.

While submission timeframes varied among the states we visited, generally all hospitals transmitted birth information both electronically and manually to their respective vital statistics agencies. Birth registrars or clerks were typically responsible for entering the birth certificate information into an electronic birth registration computer system, which in some cases, was directly linked to the state vital statistics agency. Though system software varied among states, it tended to capture the same information and was generally equipped with the same security features. For example, in almost every hospital we visited, each birth registrar or clerk had a personal identification password and sign-on to access the system.

Hospital personnel, in locations we visited that submitted data electronically, were required to make corrections to the electronic certificate prior to submitting it to their vital statistics office, because the computer system locked the record once the information was downloaded. This security feature prevented staff from making changes once the data were transmitted. However, if an error was discovered, hospital personnel could correct it with assistance from their respective vital statistics agency. For example, one state's vital records office issued a single-use pass code to the responsible birth registrar for re-entry into the electronic registration system.

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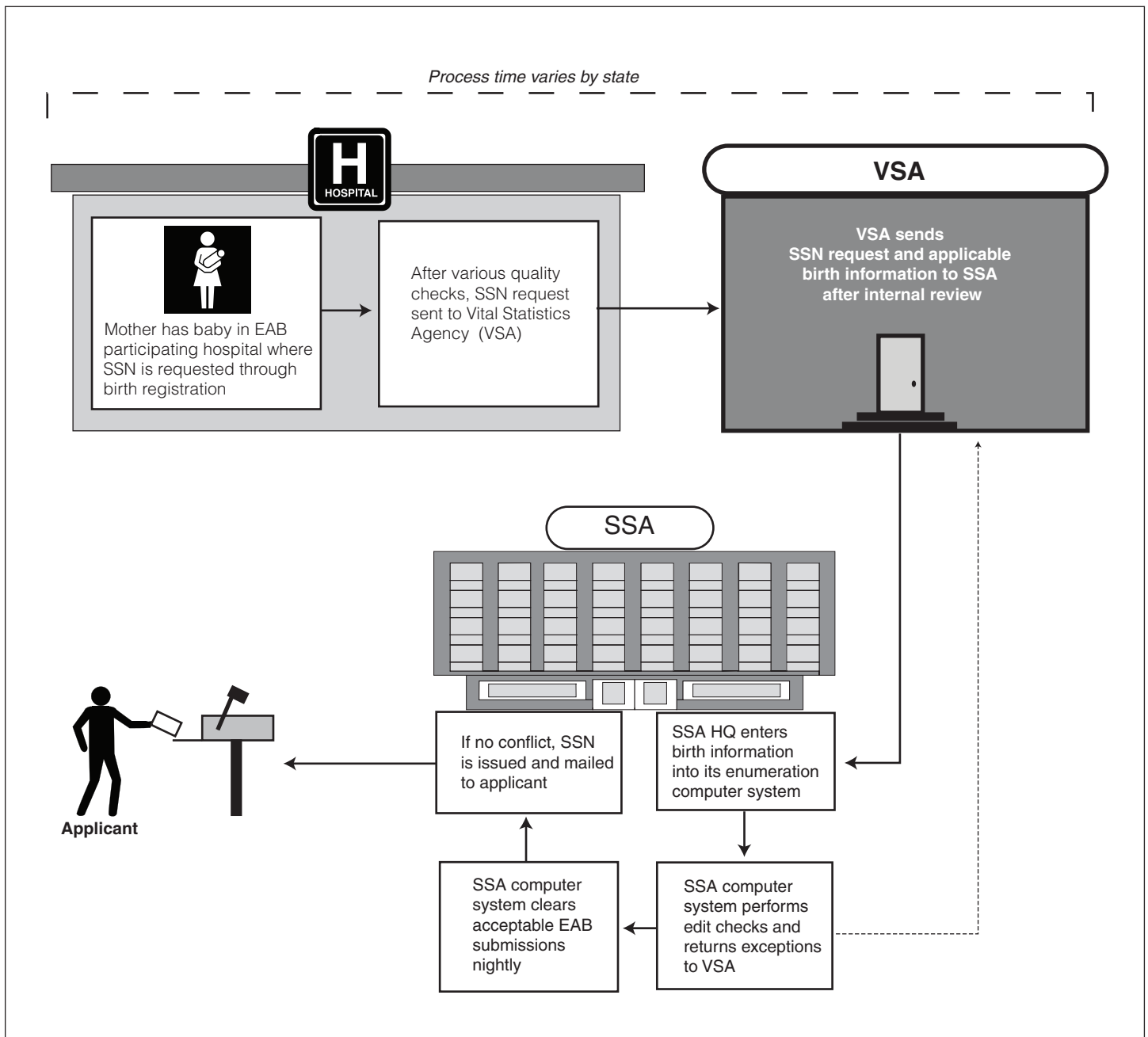
<sup>8</sup>According to SSA's POMS, hospital representatives are to provide Form SSA-2853 to the parent as proof that he or she elected that a SSN be assigned to his or her child through the EAB process. The form specifies the expected timeframes for receiving the SSN card in the particular state from which it was processed. Form SSA-2853 is available in both English and Spanish.

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In all the states in which we conducted interviews, we also found that once the vital statistics agency received the birth information, state officials reviewed the birth data submitted. These vital statistics agencies reviewed the data to ensure that the demographic and medical information was complete. In addition, officials from one location told us that they had also implemented other quality assurance measures, such as cross-referencing birth and death records and validating births that occur outside the presence of a physician or midwife. Subsequently, each office extracted and transmitted to SSA the information necessary to issue SSNs, including the name of the child, the date of birth, the parents' names, and mailing address.

SSA's data showed that the average EAB processing times varied among vital statistics agencies and ranged anywhere from 3 weeks to 12 weeks. An SSA official told us that some of the main reasons for the variation in the processing time was due to the technological capabilities of vital statistics agencies to transmit information and personnel issues. For example, not all vital statistics agencies were electronically connected to each of their EAB reporting hospitals. Therefore, staff had to key the birth information into an electronic format, which increased the processing time. Figure 2 shows SSA's EAB process.

**Figure 2: SSA's EAB Process for Assigning SSNs to U.S.-Born Children**



Source: GAO analysis and Art Explosion.

Note: In addition to hospitals, birthing centers may provide parents with the opportunity to participate in SSA's EAB program.

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Once SSA receives the data, its automated system ensures that the EAB data are complete and scans for keying errors. If no errors are detected, SSA issues a SSN card to the parents' mailing address. Throughout the EAB process, SSA also serves as a technical adviser, assisting vital statistics agencies with systems clarification and advice. Through its EAB contracts, SSA also establishes timeliness and accuracy requirements for EAB data and maintains this data. According to its contracts, SSA will not pay vital statistics agencies for any EAB data received more than 4 months after the month a birth occurs.<sup>9</sup> However, SSA will accept such data for up to 11 months after the month a birth occurs. SSA also will not process any EAB submissions with an error rate greater than 5 percent.

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## Relatively Few Children Are Enumerated through SSA Field Offices

While the majority of U.S. children receive SSNs through the EAB program (3.9 million), the parents of a much smaller number apply for SSNs at SSA field offices. In fiscal year 2004, SSA issued approximately 294,000 SSNs to children through this process. SSA and hospital officials told us that some parents elect not to participate in the EAB program due to reasons related to religion or privacy. Consequently, parents of children not enumerated through EAB can apply for their child's SSN by mail or in person at a local SSA field office.

To apply for the SSN, parents complete a SSN application and submit at least two documents as evidence of their child's age, identity, and citizenship as well as evidence of their own identity. Documents that SSA accepts as evidence of age, identity, and citizenship for a child include, but are not limited to, a birth certificate; a record from a doctor, clinic, or hospital; or a religious record. SSA requires that all evidentiary documents be either originals or copies certified by the issuing agency. Figure 3 highlights SSA's field office process for assigning SSNs to children.

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<sup>9</sup>Under the contracts with states, SSA also will not pay for duplicates of records already received.





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In recent years, SSA has taken additional steps to strengthen its field office enumeration process to prevent identity theft. For example, in June 2002, SSA began requiring field office staff to verify the authenticity of certified birth certificates for any person age 1 or older applying for an original SSN.<sup>10</sup> To obtain this third-party verification, SSA field offices generally mail or fax a photocopy of the original document to the pertinent vital statistics agency or in some limited cases query an electronic system linked directly to the vital statistics agency's database.<sup>11</sup> SSA must also send a fee to most state vital statistics agencies to cover the cost of this service.

In September 2003, SSA also changed its evidence requirements to enhance its ability to verify the accuracy of SSN applications for children. For example, SSA lowered the requirement for a mandatory in person interview from age 18 to age 12. SSA field staff told us that they rarely have U.S.-born children over age 12 applying for an original SSN, and generally such applications receive closer scrutiny. In such instances, the interviews are used as an additional safeguard against identity theft to (1) establish that the child applicant actually exists and (2) corroborate the parent-child relationship.

SSA also performs in-house reviews of its enumeration processes, including those for children. For example, field office managers use SSA's Comprehensive Integrity Review Process (CIRP) to monitor specific systems activity for potential fraud or misuse by employees. In addition, SSA also requires field staff to review a SSN applicant's supporting evidence and input it into SSA's Modernized Enumeration System (MES), the computer system used to assign SSNs. Once entered, the applicant's information undergoes numerous automated edits and is flagged if found suspicious. For example, MES suspends the processing of SSN

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<sup>10</sup>For children under age 1, SSA's policy does not require independent verification of certified birth certificates. Staff may visually inspect the documents submitted, and if they appear genuine, process the application. Just prior to issuance of this report, Congress passed the Intelligence Reform and Terrorism Prevention Act of 2004, which requires SSA to independently verify birth records for all SSN applicants, other than for purposes of EAB. The act requires SSA to implement this requirement within 1 year from the date of enactment.

<sup>11</sup>SSA has online access to state birth certificate databases in certain states, such as Florida, Tennessee, and Kentucky. While SSA has free access in Kentucky, the other states charge a fee per record.

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applications for parents applying for new SSNs for numerous children in a 6-month period.

In addition to processing original SSNs, SSA field offices also issue replacement SSN cards if a card is lost or stolen. To obtain a replacement card for a child, parents must complete a SSN application and indicate the SSN previously issued to the child. SSA requires that the applicant provide only proof of identity for both the parent and the child. A wide range of documents will satisfy the proof of identity requirement. For example, parents could use a daycare center record to prove their child's identity and a church membership record as proof of their own, provided that the record includes key information required by SSA such as the person's name, date of birth, and physical description. See table 2 for a comparison of SSA requirements for original SSNs and those for replacement SSN cards.

**Table 2: SSA Requirements—Original SSNs Compared with Replacement Cards**

<b>Original SSN requirements (any one of the following documents for each category)</b>	<b>Replacement card requirements</b>
<p><b>Proof of identity</b></p> <ul style="list-style-type: none"> <li>• Driver’s license</li> <li>• Passport</li> <li>• School ID card</li> <li>• School report card</li> <li>• Marriage or divorce record</li> <li>• Adoption record</li> <li>• Health insurance card (except Medicare card)</li> <li>• Life insurance policy</li> <li>• Clinic, hospital, or doctor records</li> <li>• Church membership or confirmation record</li> </ul>	<p><b>Proof of identity</b></p> <p>Required for both parent and child and can be met with any proof of identity document used in applying for an original SSN, i.e., school ID card</p>
<p><b>Proof of age</b></p> <ul style="list-style-type: none"> <li>• Birth certificate</li> <li>• Religious record established before age 5 showing age</li> <li>• Notification of birth registration</li> </ul>	<p><b>Proof of age</b></p> <p>Only required if there is a discrepancy between the date of birth on the application and the evidence presented with the application</p>
<p><b>Proof of U.S. citizenship</b></p> <ul style="list-style-type: none"> <li>• Passport</li> <li>• Birth certificate</li> <li>• Religious record recorded in the United States within 3 months after birth</li> <li>• Certificate of naturalization</li> <li>• Certificate of citizenship</li> <li>• Adoption finalization papers</li> <li>• Other documents that establish a U.S. place of birth or U.S. citizenship</li> </ul>	<p><b>Proof of U.S. citizenship</b></p> <p>Not required for U.S.-born children</p>

Source: GAO’s analysis of SSA’s enumeration procedures.

Note: The above list is not all-inclusive.

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## Several Weaknesses Could Affect the Integrity and Efficiency of SSA's Enumeration Processes

Despite SSA's efforts in recent years to improve its enumeration processes, several weaknesses persist, including a lack of EAB program oversight and outreach, inefficient birth verification procedures, and other vulnerabilities that could adversely affect the integrity and efficiency of SSA's processes. Our *Standards for Internal Control* provide a framework to help agencies address such weaknesses. However, SSA has not fully incorporated some of these controls into its enumeration processes. For example, SSA has not undertaken action to assess the integrity of the EAB process and to keep informed of pertinent findings of other audit agencies that have reviewed states' birth registration and certification processes. Furthermore, we found that previously reported enumeration weaknesses concerning SSA's lack of a policy to require birth verifications for children under age 1 and a policy to further limit replacement cards continues to expose SSA to risks of fraudulent enumerations.

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## SSA Lacks Oversight to Assess the Integrity of EAB and Does Not Track Relevant Audit Findings of Other Agencies

SSA does not conduct periodic internal control or comprehensive integrity reviews to assess the integrity of procedures used to collect and protect EAB data at vital statistics agencies and hospitals, nor does it take advantage of available audit findings of other state agencies. SSA's EAB contracts permit the agency to conduct on-site reviews of vital statistics agencies' procedures for protecting confidential information. However, SSA's Project Officer for the EAB program told us that the agency has not conducted such comprehensive reviews because of a lack of resources. The same official also told us that SSA has never used its EAB contracts to require that vital statistics agencies conduct similar reviews of participating hospitals. Our *Internal Control Management and Evaluation Tool* states that federal agencies should have adequate mechanisms in place to identify key programmatic risks arising from external factors, including a consideration of risks posed by major suppliers and contractors. Identified risks should then be analyzed for their potential effect and an approach devised to mitigate them.<sup>12</sup> However, because SSA has not conducted reviews of entities involved in the EAB process, it lacks important information to develop a clearer picture of areas in the EAB process that may be vulnerable to error or fraud.

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<sup>12</sup>See GAO, *Internal Control Management and Evaluation Tool*, [GAO-01-1008G](#) (Washington, D.C.: August 2001).

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A September 2001 SSA Office of the Inspector General (OIG) report on the EAB program suggested that more systematic oversight and management was needed. The OIG review identified serious internal control weaknesses in birth registration processes at selected hospitals that could compromise the integrity of EAB data.<sup>13</sup> For example, the OIG found that hospital birth registration units often lacked adequate segregation of duties for clerks involved in the registration process. Our internal control standards state that key duties and responsibilities should be divided or segregated among different people to reduce the risk of error, waste, or fraud. Because clerks were generally involved in all phases of the birth registration process at the hospitals included in the SSA OIG review, the OIG said that the clerks could potentially generate birth certificates for nonexistent children. The OIG also found that the hospitals did not have controls in place to provide for periodic, independent reconciliations of birth statistics with the total number of birth registrations they reported, which could allow fictitious births to go undetected. During our visits to eight hospitals and one birthing center, we found similar internal control weaknesses. For example, some hospital birth units lacked the resources to segregate various job duties among its staff. While we found that birth registration staff in seven hospitals reconciled birth statistics with the total number of births, the staff performing these reconciliations were not independent of the birth registration process, which could expose the process to fictitious birth registrations. In light of the vulnerabilities that the OIG identified, SSA's Project Officer for EAB told us that SSA and NAPHSIS have met to discuss an audit plan to review hospitals in each state.

Some state audit agencies have conducted reviews of vital statistics agencies that have produced findings of potentially critical importance to SSA.<sup>14</sup> However, due to a lack of coordination between SSA and state audit agencies, SSA was unaware of these audits and their findings, according to the EAB Project Officer. Our internal control standards require that federal managers promptly evaluate findings from audits and other reviews that could have an impact on their operations. Over the last several years state audit agencies have identified deficiencies in vital

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<sup>13</sup>Social Security Administration, Office of the Inspector General, *Audit of Enumeration at Birth Program, A-08-00-10047*, (September 2001).

<sup>14</sup>We worked with the National Association of State Auditors, Comptrollers and Treasurers (NASACT), to identify state audit agencies that have conducted reviews of their respective vital statistics agencies. We identified four such reviews or audits.

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statistics agencies' operations that could have negative implications for SSA's EAB program and field office enumeration processes. For example:

- An August 2004 Maryland Office of Legislative Affairs audit report found that the controls at the state's vital records agency were inadequate to ensure that birth certificates were issued to individuals authorized by law.<sup>15</sup> Specifically, the report stated that Maryland applicants were not required to provide sufficient identification when requesting birth certificates, birth records for deceased individuals were not always marked as such, and adequate oversight of the local health departments regarding the issuance of birth and death certificates generally did not occur. Additionally, the audit found that controls over birth certificate forms and related blank stock certificates were inadequate to safeguard against fraudulent certificates being obtained for illegal purposes. Furthermore, the audit found that access to the vital records automated system was not adequately restricted.
- A November 2001 Florida Auditor General report disclosed that controls over the vital statistics program at selected county health departments were inadequate and not in compliance with vital statistics laws and rules.<sup>16</sup> For example, the Auditor General found that the state registrar and several county health departments had not established effective controls to require documentation to show that certified copies of vital records were issued only to authorized recipients. The review also showed that controls over vital records security paper at selected county health departments were not adequate.
- A May 2000 State of New York Office of the State Comptroller audit report found several weaknesses in the New York City Office of Vital Record's controls over the reporting, registering, and processing of vital records that could increase the risk that the reported number of birth and death records in New York City may not be accurate or complete. The audit also identified weaknesses in safeguarding vital records at two vital records sites. As of December 2002, the State

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<sup>15</sup>Office of Legislative Audits, Department of Legislative Services, Maryland General Assembly Audit Report: *Department of Health and Mental Hygiene, Office of the Secretary and Other Units* (August 2004).

<sup>16</sup>Florida Auditor General, *Operational Audit of Vital Statistics Program at County Health Departments for the Period July 1, 1999, Through December 31, 2000, Report No. 02-087*, (November 2001).

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Comptroller reported that New York City had made progress in implementing its recommendations.<sup>17</sup>

In discussing SSA's oversight role relative to EAB and the vital statistics agencies, SSA's EAB Project Officer told us that the EAB office had tried for the last 2 fiscal years to obtain funding for vital statistics agencies to review hospitals. Recently, the EAB office submitted a proposal for the fiscal year 2005 budget request, which included a measure to have vital statistics agencies review hospitals' birth registration processes and about 30,000 EAB cases nationwide.<sup>18</sup> However, according to SSA's EAB Project Officer, the agency decided not to fund this initiative in fiscal year 2005 due to reduced budgetary resources and items determined as higher priorities. The EAB Project Officer also acknowledged that there is no formal or informal coordination between the EAB component and state Comptrollers and Inspectors General offices that may conduct reviews of vital statistics agencies. Because SSA does not have direct contact with such entities, the official said that SSA does not hear about special studies in states and that vital statistics agencies do not normally share these studies with SSA.

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## Limited Outreach and Education to Hospitals May Limit the Effectiveness of the EAB Program

SSA has provided only limited education and outreach to hospitals to ensure they consistently provide information to parents regarding the timeframes for processing EAB requests. Thus, some parents who opt for EAB, but may need an SSN sooner than is possible under the process, may apply a second time at a SSA field office; increasing the likelihood that their child will be issued two distinct SSNs.

Our internal control standards require that management ensure that adequate means are in place to communicate with external stakeholders that may have a significant impact on an agency achieving its goals. However, SSA's EAB Project Officer acknowledged that, beyond initial contacts with hospitals when EAB was first implemented in 1989, SSA has

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<sup>17</sup>State of New York Office of the State Comptroller Division of Management Audit and State Financial Services, *New York City Department of Health Controls Over Vital Records*, Report 99-N-6 (May 25, 2000) and follow-up review, Report 2002-F-34 (December 5, 2002).

<sup>18</sup>SSA's Office of the Deputy Commissioner, Operations, directs and manages SSA's central office and its geographically dispersed operations installations and is also responsible for managing and overseeing the EAB program.



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done little follow-up education and outreach to ensure that hospitals have up-to-date information necessary to effectively implement the program.

SSA maintains information on EAB processing times for individual states, which is available via its Web site. The agency also developed Form 2853, for distribution to parents by hospital staff that lists the processing times for their state and serves as a receipt documenting the EAB request. However, during our fieldwork, we found that SSA has conducted no formal training or information sharing initiatives on these resources. Thus, hospital birth registration personnel were often unaware of the available processing time information, and staff at one hospital provided parents with information based on their own estimates or the prior experiences of other parents. We also found that only a few of the hospitals we visited were aware of Form 2853 and were providing it to parents. Thus, parents were not consistently receiving information from the hospitals on the time it takes to receive a SSN under the EAB process.

Because parents do not always receive consistent or comprehensive information on EAB processing times, they may opt for the service even though they may need a SSN for their child sooner than is possible under the current process. In such instances, parents may later decide to apply for a SSN in a SSA field office, which could increase the likelihood that their child could be issued two different SSNs. In a September 2001 report,<sup>19</sup> SSA's OIG identified 67,206 instances nationwide in which parents submitted a second SSN application when they did not receive a SSN card for their children 1-year old or younger within 30 days of the child's date of birth.<sup>20</sup> In reviewing these applications, the OIG identified 178 instances in which SSA issued multiple SSNs to the same child. The report noted that SSA's system edits do not always recognize SSNs previously assigned to children, especially if there are minor variances in the names provided on the two applications. The OIG noted that the assignment of more than one SSN to an individual creates the opportunity for SSN misuse.

SSA's EAB Project Officer acknowledged that SSA does not do as much education and outreach in the field as it did initially because of budget constraints, but that the agency is currently working with the National

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<sup>19</sup>Social Security Administration. Office of the Inspector General. *Audit of Enumeration at Birth Program. A-08-00-10047*. September 2001.

<sup>20</sup>SSA's EAB contracts with state and local vital statistics agencies require that SSA receive birth records within 30 days of the child's date of birth.

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Association for Public Health Statistics and Information Systems (NAPHSIS) to strengthen its efforts to ensure hospitals have essential information to help parents make more informed decisions as to whether EAB will meet their needs. For example, SSA is seeking NAPHSIS' assistance to distribute information on the EAB program and EAB processing times.

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## SSA Lacks a Nationwide Capability to Perform Birth Verifications

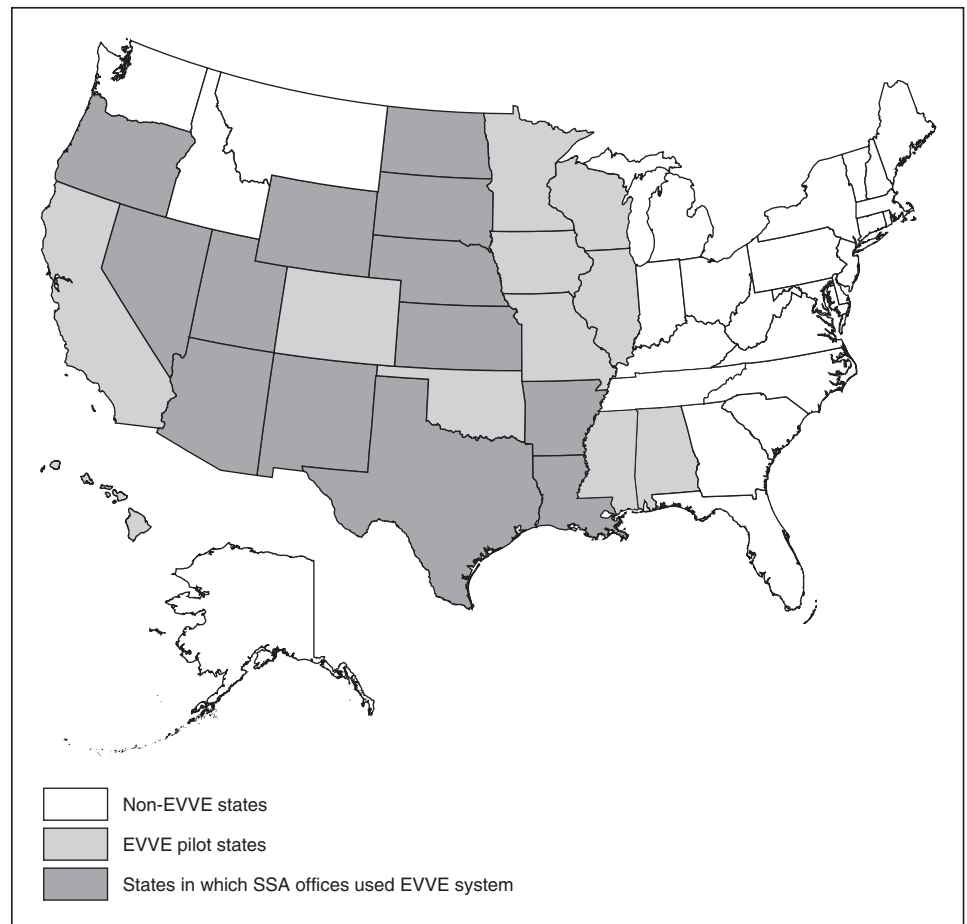
SSA currently lacks a nationwide capability to quickly and efficiently perform required birth verifications for children whose parents apply for a SSN through an SSA field office, although a prior SSA pilot project proved successful in providing enhanced verification capabilities. As noted earlier, SSA currently uses a predominantly manual process to perform birth certificate verifications that is labor-intensive and time-consuming. For example, SSA staff may submit birth verification requests directly to vital statistics offices via the mail, fax, or in some locations, electronically. In several other locations, this process involves SSA staff manually completing the verifications at local vital statistics offices, which is another option for performing the verification.

Our internal control standards state that control activities should be effective and efficient in accomplishing the agency's control objectives. However, according to some field office staff that we spoke with, the current birth certificate verification process significantly prolongs the time required to process SSN applications, resulting in a backlog of verification requests in some locations. Field office staff in several offices cited examples of birth certificate verifications taking up to 6 months. Staff in one field office reported that they frequently encounter long waiting periods when they request birth verifications from some states. To expedite the verification process in this office, staff told us that they allow parents to obtain a certified copy of their child's birth certificate from the issuing vital statistics agency and submit the document in a sealed envelope. Once SSA staff unseal the envelope and review the birth certificate, they continue processing the SSN application. In their view, this satisfied SSA's requirement for independent verification. However, SSA policy officials told us that this action would not meet SSA's requirement. We agree and believe that allowing parents to obtain and submit certified copies of birth certificates without independent verification exposes SSA to the potential for fraud.

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A recent SSA pilot with NAPHSIS, known as the Electronic Verification of Vital Events (EVVE) project, demonstrated that SSA field offices could perform vital records verifications in a quicker and more efficient manner than the current manual process. EVVE was piloted in eight states (California, Colorado, Hawaii, Iowa, Minnesota, Mississippi, Missouri, and Oklahoma) and local SSA offices in 26 states and territories. Figure 4 identifies all of the states and territories that participated in the EVVE pilot.

**Figure 4: Map of Participants in the Electronic Verification of Vital Events Pilot**



Source: NAPHSIS.

Note: American Samoa and Guam also participated in the EVVE pilot.

Although EVVE was primarily established to expedite the processing of SSA retirement and disability claims filed by older SSA customers, it was

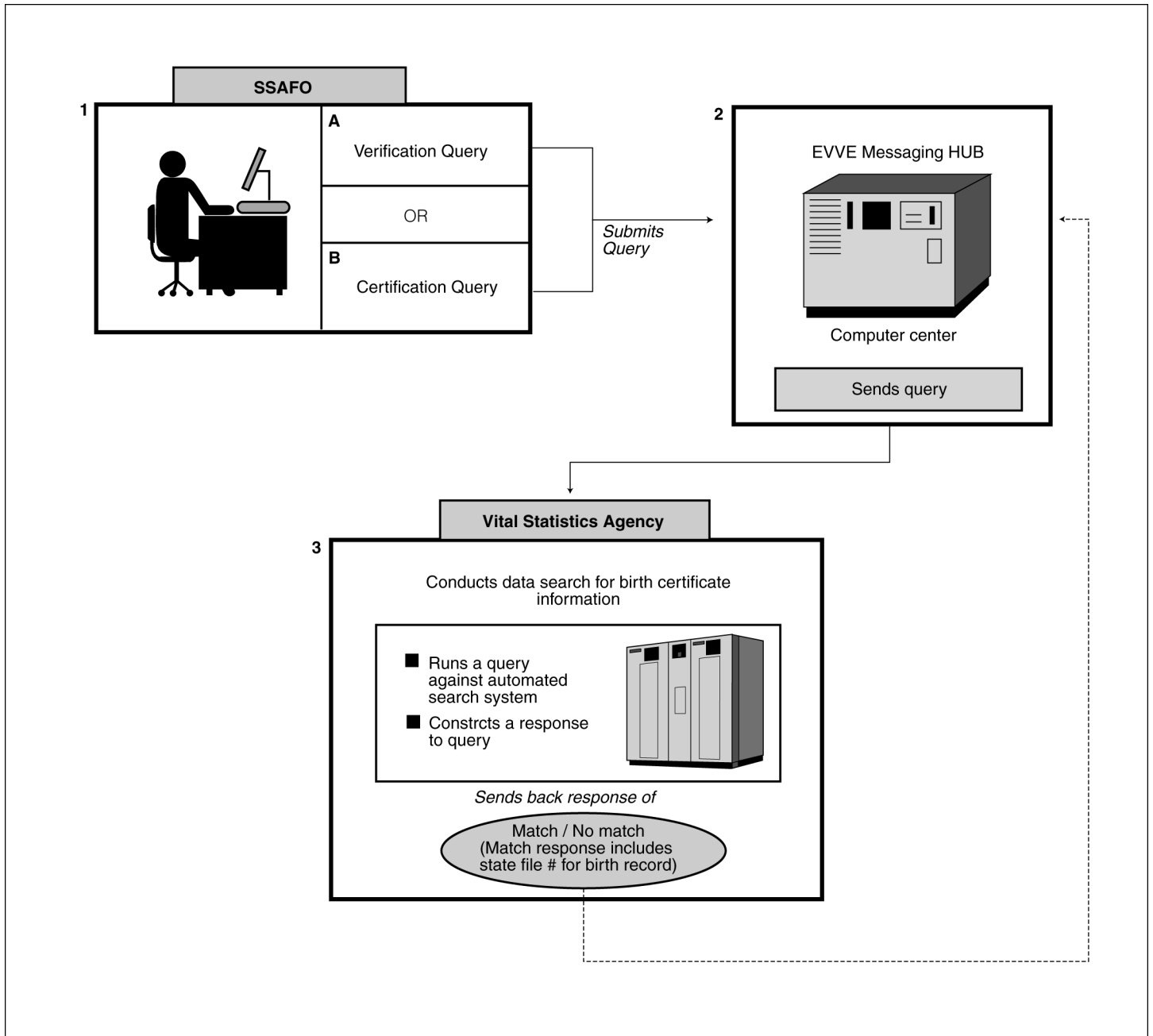
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also used to conduct required birth certificate verifications for children. EVVE processed two types of electronic queries: birth verifications and birth certifications. Birth verification queries were generally performed when SSA customers possessed a certified copy of their birth certificate. Conversely, birth certification queries were generally performed when customers did not present their birth certificate, technical problems arose with EVVE, or records were incompatible and prevented a successful online verification. Ordinarily, SSA policy requires that all individuals age 1 or older or their parents/guardians present a copy of a birth certificate or other acceptable documents to apply for a SSN, but SSA made an exception to this requirement for customers in the pilot states.<sup>21</sup> Thus, even if a person could not produce his or her birth certificate, SSA would still process the application and query the system for an EVVE certification based on information orally obtained from the applicant. After receiving the query from SSA, the vital statistics agency would run it against its automated search system and return a “match” or “no match” response through EVVE’s messaging hub to the requesting SSA office. SSA, and not the applicant, assumed the costs for both types of transactions. The EVVE process is depicted in figure 5.

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<sup>21</sup>Other acceptable documents that could be used to apply for a SSN include a religious record established before the age of 5 and a hospital record of birth.

**Figure 5: Electronic Verification of Vital Events Between the Social Security Administration Field Offices and States' Vital Statistics Agencies**



Source: GAO analysis and Art Explosion.

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Although SSA and NAPHSIS agreed that EVVE was a technical success because it demonstrated the capability to electronically verify vital documents, they did not move forward in implementing the system because of a breakdown in negotiations over the price of the service. During the pilot, SSA paid \$5 for each birth verification query and \$5 to \$15 for each birth certification query.<sup>22</sup> At the conclusion of the pilot, SSA attempted to negotiate a reduced price per query, but according to SSA officials in the Division of Electronic Service Delivery, Office of Automation Support, neither SSA nor the states could agree on what the price should be. To resolve this matter, SSA contracted with KPMG LLP (KMPG) to conduct a fair price assessment for the EVVE service. KPMG determined that SSA should pay a national price of \$6.42 per query. In addition, KPMG stated that SSA would have to pay \$.48 per query to cover the administrative costs of maintaining the EVVE messaging hub. However, at this price, state officials believed that they would lose revenue because SSA's policy did not require applicants to present a birth certificate at the time of application. Thus, clients would likely purchase fewer birth certificates from vital records offices as a result. Unless SSA agreed to offset this potential revenue loss by paying more for each query, the states were reluctant to move forward. KPMG's analysis concurred that for on-line birth queries, the majority of which were certifications during the EVVE pilot, the seven states included in its study (four of which were EVVE pilot states) would indeed realize revenue shortfalls.<sup>23</sup> According to a SSA official, negotiations stalled.

After the termination of the EVVE pilot in December 2003, SSA launched new negotiations with individual states to obtain access to their vital records. As of November 2004, SSA had negotiated individual agreements with six of the eight EVVE pilot states—Florida, Kentucky, Montana, Rhode Island, Tennessee, and Texas—which allow SSA offices in those states querying capabilities for vital statistics data, and four of these states allow browsing capabilities. While this access to some state vital records will help to expedite the birth certificate verification process in those states, it will not provide the capability for SSA offices to verify birth certificates nationwide, which could potentially be offered by EVVE or some other nationwide verification system. As a result, SSA field offices in

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<sup>22</sup>Except for Minnesota, where the state statute requires a price of \$8 for each verification.

<sup>23</sup>The seven states included in the KPMG Fair Price Assessment were Alaska, Colorado, Florida, Iowa, Kansas, Missouri, and Washington.

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states that do not allow access to vital records may still be subjected to long waiting periods to perform birth certificate verifications.

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## SSA Lacks a Policy to Fully Protect Birth Documents from Misuse

In the absence of a nationwide electronic verification process, most SSA field offices are using paper-driven verification processes that involve the handling, storage, and disposal of birth certificates for which SSA has few controls. Once SSA requests and pays for birth certificate verifications, the servicing vital statistics office then mails a certified copy of the birth certificate to the SSA field office. During our fieldwork, we found considerable uncertainty among staff and various inconsistencies in the methods field offices used to collect, maintain, and dispose of these certified birth certificates. For example, after using the birth certificate to clear the SSN application, some offices shredded the document. However, in other offices, staff told us that they gave or mailed the document to the child's parent, while other staff told us that they kept copies of the birth certificates in a personal desk file at their workstation.

Our internal control standards require that agencies have appropriate policies and procedures to ensure appropriate documentation of transactions, maintain control over vulnerable assets, limit access to certain records, and assign accountability for their custody. In response to our discussion with SSA policy officials regarding such weaknesses in controls over birth certificates, SSA revised its policy on how to handle documents purchased for evidence in November 2004 to direct staff to shred birth certificates after processing the SSN application. However, this policy does not address how staff are to track the number of birth certificates received and record who handles them prior to their disposal, which could still make the documents vulnerable to theft or inappropriate disclosure misuse.

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## Previously Reported Enumeration Weaknesses Continue to Expose SSA to Fraudulent Enumerations

SSA has not addressed two areas of its enumeration process that continue to expose the agency to fraud and abuse: the assignment of original SSNs to children under age 1 and the replacement of Social Security cards. In October 2003, we reported that SSA staff responsible for issuing SSNs relied on visual inspections of birth certificates to determine the identity of children under age 1 and did not independently verify this information with state or local vital statistics agencies.<sup>24</sup> During our fieldwork, we documented a case where an individual had submitted a counterfeit birth certificate in applying for a SSN for a nonexistent child. We also demonstrated the ease with which individuals could obtain SSNs by exploiting SSA's current processes. Working in an undercover capacity and posing as parents of newborns, our investigators used counterfeit documents to obtain original SSNs for two fictitious children. We subsequently recommended that SSA establish processes to independently verify the birth records of all children. In response, SSA said that it would conduct a study to determine the extent of the problem and the potential for fraud in the enumeration of children through field offices. Since that time however, in response to a July 2004 OIG report,<sup>25</sup> SSA stated that due to privacy restrictions for birth data arising from the Health Insurance Portability and Accountability Act (HIPAA)<sup>26</sup> and staff resource constraints, it would not conduct the study. In place of the study, SSA stated that it would review and evaluate the OIG's work before making a final decision regarding this issue. In the same GAO report, we also noted that SSA's policy for replacing Social Security cards, which allows individuals to obtain up to 52 per year; as well as its limited documentation requirements, also increased the potential for misuse of SSNs. Of the 18 million cards issued by SSA in fiscal year 2004, nearly 70 percent were replacement cards. We recommended that SSA reassess its policies in this area and develop options for deterring fraud and abuse. As we began this review, a SSA policy official told us that the agency was still assessing options.

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<sup>24</sup>See GAO, *Social Security Administration: Actions Taken to Strengthen Procedures for Issuing Social Security Numbers to Noncitizens, but Some Weaknesses Remain*, [GAO-04-12](#) (Washington, D.C.: Oct. 15, 2003).

<sup>25</sup>Social Security Administration, Office of the Inspector General, *Enumeration of Children Under Age 1: Opportunity to Reduce the Risk of Improper Social Security Number Attainment*, A-08-04-14043 (July 2004).

<sup>26</sup>HIPAA requires health care organizations and providers to meet certain privacy standards with respect to personal health information, such as having appropriate safeguards in place to protect the information.



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We recognize that the replacement card issue applies to all SSN holders and is not unique to children's SSNs. However, there is a critical relationship between SSA's policies for enumerating children under age 1 and issuing replacement cards that could be targeted by those seeking to fraudulently obtain valid SSNs. We are particularly concerned that individuals could first obtain original valid SSNs for fictitious children by exploiting weaknesses in SSA's current verification process. These individuals could then take advantage of SSA's replacement card policies to obtain excessive amounts of cards for resale to persons seeking to establish new identities, apply for state and local benefit programs, and/or work illegally in the United States. Such SSNs and replacement cards would be a valuable commodity to perpetrators of fraud because they are considered valid numbers in SSA's records and would receive an affirmative match response in the event that an employer queried SSA's system to verify the name and SSN.

Field tests we conducted during this engagement underscore the urgent need to address this issue. Using the same original SSNs we obtained last year for two fictitious children under age 1, our investigators obtained numerous replacement cards over a relatively short period. By posing as parents of these children, two investigators obtained eight replacement cards in less than 6 weeks, before SSA field office staff placed an alert on the two SSN records indicating a suspicion of fraud, which restricted our investigators from receiving additional replacement cards. In particular, our investigators obtained seven SSN cards by applying in person at various SSA field offices and one card by mail using either a counterfeit baptismal record or an immunization record as evidence of the children's identity, as well as counterfeit driver licenses as proof of identity for themselves. For the mail-in application, they submitted a baptismal record and an expired driver's license and still received the card. This effort revealed inconsistencies in staff acceptance of baptismal records, which are a valid proof of a child's identity under SSA's current guidelines. Some staff accepted these certificates, while others rejected them. We found, however, that staff consistently accepted immunization records, which contain less identifying information about the child than baptismal records. This effort demonstrates that once a person obtains a SSN fraudulently, the problem can be perpetuated and exacerbated through the request for numerous replacement cards. It also shows that visual inspections alone are often insufficient to detect fraudulent documents.

Recognizing the weaknesses in SSA's enumeration processes, just prior to the issuance of this report, the Congress passed the Intelligence Reform and Terrorism Prevention Act of 2004. This act gave SSA 1 year to

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implement regulations for independently verifying the birth documents of all SSN applicants except for EAB and limited the issuance of SSN replacement cards to 3 annually and 10 over an individual's lifetime.

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## Conclusions

SSNs are essential for functioning in our society, and as a consequence, they are highly vulnerable to misuse. Safeguarding the integrity of children's SSNs is particularly important, since the theft of a child's SSN may go unnoticed for years.

While SSA has taken steps to strengthen its enumeration processes, several vulnerabilities remain. Because SSA does not conduct comprehensive integrity reviews of vital statistics agencies or require that these agencies conduct similar reviews of hospitals, SSA lacks information to assess its potential exposure to error or fraud, identify aspects of the birth registration process that are most problematic, and develop safeguards to ensure the integrity of the data it relies on to enumerate millions of children. This situation is compounded by the fact that SSA has never coordinated with state audit agencies that have reviewed vital statistics offices in recent years and identified serious management and internal control weaknesses. In addition, SSA's limited approach to education and outreach to hospitals transmitting SSN requests could be a factor in some parents submitting multiple applications and receiving more than one SSN for their child—ultimately increasing the program's vulnerability to fraud.

While enhanced oversight and management is key to SSA's efforts, having an efficient mechanism to assist field staff in verifying the birth information of child SSN applicants is equally important. However, SSA's field office verification process is generally labor-intensive, slow, and requires manual handling of paper birth certificates, with few controls over these sensitive documents. As the EVVE pilot demonstrated, viable technological options currently exist to enhance the exchange of vital statistics data between SSA and the states. We recognize that potential barriers, such as system implementation, may be difficult to overcome without congressional intervention. However, we continue to believe that better coordination and data sharing between SSA and vital statistics agencies nationwide could further strengthen SSA's processes and address many of the factors that allow identity theft to occur.

Finally, as our audit work and previous engagements show, SSA's processes for verifying the birth records of children under age 1 and its policies for issuing replacement cards expose the agency to fraud. The

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recently passed Intelligence Reform and Terrorism Prevention Act of 2004 includes specific requirements to address these weaknesses. It is imperative that SSA act promptly in developing clear regulations and timeframes for the implementation of these additional program integrity provisions.

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## Matter for Congressional Consideration

In light of the key role certified birth certificates play in SSA's enumeration processes and the potential for identity thieves to use fraudulent birth documents to obtain SSNs, the Congress should consider authorizing the development of a cost-effective nationwide system to electronically verify these documents.

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## Recommendations for Executive Action

To strengthen the integrity of SSNs issued to children, we recommend that the Commissioner of Social Security:

- Explore options for improving internal control mechanisms to ensure the reliability of enumeration data from vital statistics agencies and hospitals. This could include conducting periodic integrity reviews of vital statistics agencies and requiring these agencies to perform periodic audits of hospitals and birthing centers.
- Establish a mechanism to better coordinate with external audit agencies that periodically conduct reviews of states' birth registration and certification processes. Monitor the findings and recommendations of such reviews to mitigate risks to SSA's enumeration processes.
- Provide additional education and outreach to hospitals to ensure they provide consistent information to parents to decide which process best meets their needs and to minimize second-time requests that might cause the issuance of multiple SSNs.
- Establish procedures for handling, securing, and tracking birth certificates obtained for verification purposes to fully protect against potential fraud and abuse.

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## Agency Comments

We obtained written comments on a draft of this report from the Commissioner of SSA. SSA's comments are reproduced in appendix II. SSA also provided additional technical comments, which have been incorporated in the report as appropriate. SSA agreed with three of four

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recommendations we made to the Commissioner to strengthen SSA's processes and internal controls over the issuance of SSNs for children.

SSA disagreed with our recommendation that it explore options for improving internal control mechanisms to ensure the reliability of enumeration data from vital statistics agencies and hospitals. SSA noted that it is not within its purview to ensure the reliability of state agency or hospital enumeration data. However, we continue to believe that such actions are needed because the agency uses these data to assign SSNs for over 90 percent of U.S. citizens it enumerates. We believe that as the agency charged with issuing SSNs, SSA bears a responsibility for ensuring that vital statistics agencies have adequate procedures, and internal controls to ensure that the data hospitals provide are reliable and protected against fraud. Accordingly, we believe that SSA could include a provision in its EAB contracts to allow SSA to conduct periodic reviews of the reliability of EAB information at vital statistics agencies. Similarly, we believe that SSA could also encourage vital statistics agencies to conduct such reviews at hospitals.

SSA agreed with our recommendation and fully supported EAB outreach efforts to hospitals, and noted that they are currently supplying SSA field offices with materials for distribution to their service area hospitals. However, as our report shows, field office officials we spoke to were often unaware of this effort. Therefore, SSA should take sufficient steps to ensure that field office staffs are supplied with appropriate EAB materials and that hospitals actually receive these materials.

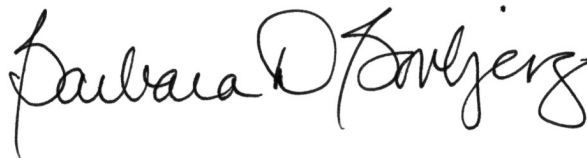
SSA also agreed with our recommendation to better coordinate with audit agencies and stated that the agency will encourage state auditing agencies to share report results so that SSA can monitor the findings and recommendations to mitigate risks to the enumeration process.

Finally, SSA agreed with our recommendation that it establish procedures for handling, securing and tracking birth certificates obtained for verification purposes, and stated that recently implemented procedures adequately addressed our concern. While we commend SSA for implementing procedures for disposing of birth certificates after they are verified, we found no procedures in the materials provided with SSA's response that addressed how birth certificates are to be tracked and secured from the time of receipt through disposal. We encourage SSA to establish or better define procedures in existing POMS regulations in these areas to protect birth certificates against theft or inappropriate disclosure and misuse.

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As agreed with your office, unless you publicly announce its contents earlier, we plan no further distribution of this report until 30 days after its issue date. At that time, we will send copies of this report to the Commissioner of SSA, the Secretary of Homeland Security, the states and three jurisdictions' vital statistics offices, and other interested parties. Copies will also be made available to others upon request. In addition, the report will be available at no charge on GAO's Web site at <http://www.gao.gov>. If you have questions concerning this report, please call me on (202) 512-7215. Key contributors to this report are listed in appendix III.

Sincerely yours,

A handwritten signature in black ink that reads "Barbara D. Bovbjerg". The signature is written in a cursive style with a large, stylized initial "B".

Barbara D. Bovbjerg  
Director, Education, Workforce,  
and Income Security Issues

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# Appendix I: Scope and Methodology

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The Chairman of the Senate Committee on Finance asked us to document the Social Security Administration's (SSA) current processes and internal controls for issuing Social Security numbers (SSN) and replacement cards to U.S.-born children under the age of 18 and identify any weaknesses that may affect SSA's ability to ensure the integrity of the SSN and the efficiency of enumeration processes. To address the Chairman's questions, we examined SSA's enumeration policies, procedures, and internal controls and obtained information on key initiatives planned and undertaken to strengthen SSA's processes. To document SSA's current processes and internal controls, we examined SSA's Program Operations Manual System (POMS) for applicable requirements and held structured interviews with SSA headquarters officials to discuss the processes used to enumerate U.S.-born children. We also reviewed SSA's current processes for enumerating children to identify areas where existing and recent changes to POMS were not being followed, or where POMS guidance was not sufficient to ensure the integrity of the identified enumeration processes.

We identified two processes—Enumeration at Birth (EAB), a program set up to let parents request their child's SSN through hospitals and vital statistics agencies, and another that requires application through SSA field offices. For the EAB process, we reviewed EAB contracts for individual states and information on timeliness and accuracy for enumerating children. We also documented the policies and procedures for select hospitals and vital statistics agencies that facilitate SSA's process for enumerating newborns. We contacted the National Association for Public Health Statistics and Information Systems (NAPHSIS), which represents vital statistics agencies, to gain a better understanding of their role in EAB. We selected vital statistics agencies, in part, based on best practices identified by SSA's EAB Project Officer and the Executive Director of NAPHSIS, and in some cases, based on the agencies' lengthy timeframes for submitting EAB information to SSA. In addition, we worked with the vital statistics agencies and SSA to identify hospitals with relationships to the selected vital statistics agencies that had a high volume of births and that participated in the EAB program. In one jurisdiction, we also visited an organized birthing center to better understand any differences between a high-volume physician-based hospital and a midwife-based birthing facility's birth registration process. From both the vital statistics agencies and hospitals, we collected and reviewed information related to the required birth registration process as well as examined policies and procedures related to the electronic birth certificate software to better understand the variances between individual states and jurisdictions.

To identify weaknesses that may affect SSA's ability to efficiently enumerate children and ensure the integrity of the SSN, we collected and examined information on SSA's enumeration initiatives, the results of prior internal reviews, and studies performed by SSA's Office of the Inspector General (OIG) and the Office of Quality Assurance and Performance Assessment. We documented these officials' perspective on SSA's enumeration initiatives and identified areas where vulnerabilities and gaps exist in SSA's implementation of these policies through interviews. In addition, we examined external reviews conducted by individual state comptrollers and inspectors general to determine existing weaknesses and concerns regarding state vital statistics agencies' birth registration and certification processes. To identify these reports, we worked with the National Association of State Auditors, Comptrollers and Treasurers (NASACT) to contact each of their membership, which consists of the offices of state auditor, state comptroller, or state treasurer in the 50 states, the District of Columbia, and U.S. territories. In addition, we contacted state auditing and inspectors general divisions in states and jurisdictions that we visited. After receipt of specific audit and investigative reports from responsive states, we examined each report for the adequacy of its methodology and the validity of its conclusions. We also contacted NAPHSIS to identify weaknesses and recommended areas of improvement for an electronic verification pilot project it had with SSA called the Electronic Verification of Vital Events (EVVE). We examined the EVVE evaluation study, which highlighted analysis of EVVE's error rates, query types, and records of no-matches. Also, our Office of Special Investigations tested SSA's enumeration practices to illustrate how SSA's policy on replacing Social Security cards can be abused. By posing as parents of the two fictitious children we previously had enumerated by SSA, and reported on in October 2003, our investigators used these SSNs and counterfeit documents to obtain SSN replacement cards through visits to local SSA field offices.<sup>1</sup> In addition, we also solicited replacement cards through the mail.

We conducted our review at SSA headquarters in Baltimore, Maryland, and at four regional offices—Atlanta, New York, Philadelphia, and San Francisco—and 10 field offices. We selected the SSA regional and field offices based on their geographic location, the volume of enumeration

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<sup>1</sup>See GAO, *Social Security Administration: Actions Taken to Strengthen Procedures for Issuing Social Security Numbers to Noncitizens, but Some Weaknesses Remain*, [GAO-04-12](#), (Washington, D.C.: Oct. 15, 2003).

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activity, and participation in certain enumeration projects. We also spoke with officials in vital statistics agencies and medical facilities in the states of California, Georgia, Kentucky, and Maryland and the city of New York. For our work on replacement cards, our Office of Special Investigations conducted its work in seven SSA field offices located in the District of Columbia, Maryland, and Virginia. We performed our work between January and December 2004 in accordance with generally accepted government auditing standards.



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# Appendix II: Comments from the Social Security Administration

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January 11, 2005

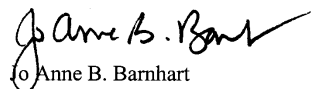
Ms. Barbara D. Bovbjerg  
Director, Education, Workforce,  
and Income Security Issues  
Room 5968  
U.S. Government Accountability Office  
Washington, D.C. 20548

Dear Ms. Bovbjerg:

Thank you for the opportunity to review and comment on the draft report "Social Security Administration: Actions Needed to Strengthen Processes for Issuing Social Security Numbers to Children" (GAO-05-115). Our comments on the draft report content and recommendations are enclosed.

If you have any questions, please contact Candace Skurnik, Director, Audit Management and Liaison Staff, at (410) 965-4636.

Sincerely,



Jo Anne B. Barnhart

Enclosure

SOCIAL SECURITY ADMINISTRATION BALTIMORE MD 21235-0001

**COMMENTS ON THE GOVERNMENT ACCOUNTABILITY OFFICE (GAO)  
DRAFT REPORT "SOCIAL SECURITY ADMINISTRATION: ACTIONS  
NEEDED TO STRENGTHEN PROCESSES FOR ISSUING SOCIAL SECURITY  
NUMBERS TO CHILDREN" (GAO-05-115)**

Thank you for the opportunity to review and comment on the draft report contents and recommendations. We agree that the integrity of the enumeration process is an issue of high importance given that the Social Security number (SSN) is central to many aspects of American life and is used extensively by Government, the private sector and the financial community. Over the past several years, SSA has emphasized strengthening our enumeration processes by establishing the Enumeration Response Team (ERT). The ERT is responsible for identifying steps the Agency can take to improve the enumeration process and for enhancing the integrity of the SSN. Since that team was established in 2001, we have enhanced our policies to ensure that SSNs are assigned only to individuals entitled to receive them, and to minimize fraud. In his June 15, 2004 Statement for the Record on Enhancing Social Security Number Privacy, our Inspector General (IG) applauded the Agency for our strong commitment to improving SSN integrity through the establishment of this team.

As you are aware, the Social Security Administration (SSA) has changed its policies concerning verification of birth records for children age one or older. We also require an interview for applicants over age 12 prior to assigning an SSN. In addition, since GAO first reported on the two areas of weakness in October 2003 (replacement card and document verification), we have studied the issues involved with implementing restrictions on the issuance of multiple replacement Social Security number (SSN) cards and independently verifying birth records for children under age one.

As you know, the Intelligence Reform and Terrorism Prevention Act of 2004 (P.L. 108-458) requires SSA to independently verify any birth record submitted by an individual to establish eligibility for an SSN (other than Enumeration at Birth), and to restrict the issuance of multiple replacement SSN cards to any individual to 3 per year and 10 for the life of the individual. We are evaluating and reviewing other options on how best to implement these provisions. We believe this act provides an excellent opportunity for us to address the weaknesses in this area.

Finally, we agree with the conclusion that a cost-effective nationwide system to electronically verify birth documents will strengthen the integrity of our enumeration process. Our efforts in this area have demonstrated the value of such a system. However, the report accurately acknowledges the resource constraints that have precluded implementation of a nationwide system. We will continue to work with individual States to enhance the automation of birth registration and verification processes where it is not cost prohibitive. It should be noted that Congress, in the Intelligence Reform and Terrorism Prevention Act of 2004, gave the Secretary of Health and Human Services authority to award grants to States to assist them in computerizing their birth and death records, developing the capability to match birth and death records within and among States, and annotating the fact of death on the birth certificate of deceased persons. We

believe this is an important step toward developing a cost-effective nationwide electronic verification system.

Our response to the specific recommendations and some technical comments are provided below.

**Recommendation 1**

SSA should explore options for improving internal control mechanisms to ensure the reliability of enumeration data from vital statistics agencies and hospitals.

Response

We disagree, as it is not in SSA's purview to ensure the reliability of State agency or hospital enumeration data. The Enumeration at Birth (EAB) process is voluntary and we cannot compel either the State agencies or the reporting institutions to participate, nor should we become involved with their internal control mechanisms. However, SSA will, of course, do whatever it can with its own internal control mechanisms to ensure the timeliness and accuracy of the information transmitted in the EAB process.

**Recommendation 2**

SSA should establish a mechanism to better coordinate with external audit agencies to periodically conduct reviews of States' birth registration and certification processes.

Response

We agree. We, too, believe that coordination and sharing of information is very important. While it is not within SSA's scope of review to audit a State's birth registration process we will encourage State auditing agencies to share report results so that we can monitor the findings and recommendations to mitigate risks to our enumeration process.

**Recommendation 3**

SSA should provide additional education and outreach to hospitals to ensure they provide consistent information to parents to decide which process best meets their needs and to minimize second-time requests that might cause the issuance of multiple SSNs.

Response

We agree and fully support outreach efforts to hospitals to ensure that parents receive accurate and complete information about the EAB process. Our field office (FO) management staffs are supplied with outreach material to be given to the parents of newborns via the hospitals in their service area, and the hospitals are provided with information that explains the timeframes for processing SSNs. However, it remains the responsibility of the hospitals to provide this information to the parents.

**Recommendation 4**

SSA should establish procedures for handling, securing and tracking birth certificates obtained for verification purposes to fully protect against potential fraud and abuse.

**Response**

We agree. We believe we have adequately addressed the concern by establishing procedures for handling, securing and tracking birth certificates obtained during the verification process. As stated in the report, current policies, issued in November 2004, in the Program and Operations Manual System (POMS) GN 00301.210, RM00202.237D and RM 00203.110H, provide instructions for securing and handling birth certificates after they are used to process SSN applications. The policy differs whether the document is verified or not verified with the issuing agency. SSA policy requires the birth registration document to be shredded if verified with the issuing agency. If not verified, the document is considered fraudulent and is placed in a locked file to await disposition instructions from the SSA Office of Inspector General.

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# Appendix III: GAO Contacts and Staff Acknowledgments

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## GAO Contacts

Barbara Bovbjerg, (202) 512-7215  
Daniel Bertoni, (202) 512-5988  
Jacqueline Harpp, (202) 512-8380

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## Staff Acknowledgments

The following team members made key contributions to this report:  
Richard Burkard, Jean Cook, Mary Crenshaw, Paul Desaulniers, Jason Holsclaw, Corinna Nicolou, Andrew O'Connell, and Roger Thomas.

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