



STATE OF NORTH CAROLINA

STRATEGIC REVIEW

NORTH CAROLINA DIVISION OF MOTOR VEHICLES

RALEIGH, NORTH CAROLINA

MARCH 2007

OFFICE OF THE STATE AUDITOR

LESLIE W. MERRITT, JR., CPA, CFP

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AUDITOR'S TRANSMITTAL

The Honorable Michael F. Easley, Governor
The General Assembly of North Carolina
Mr. George Tatum, Commissioner of Motor Vehicles
Division of Motor Vehicles

Dear Mr. Tatum:

We have completed a strategic review of potentially invalid social security numbers used by persons to obtain driver licenses and identification cards. The results of our review, along with recommendations for corrective action, are contained in this report.

North Carolina General Statutes require the State Auditor to make audit reports available to the public. Copies of audit reports issued by the Office of the State Auditor may be obtained through one of the options listed in the back of this report.

Leslie W. Merritt, Jr.

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INTRODUCTION

The Office of the State Auditor has implemented a strategic review initiative. This initiative is an effort to analyze state agencies' data on a proactive basis and help identify unusual trends and potential problems at state agencies. The purpose of this review was to identify incorrect social security numbers in the North Carolina Division of Motor Vehicles (DMV) driver's license database. General Statute 20-7 currently requires that an applicant provide the North Carolina DMV with a valid social security number or a valid visa issued by a U.S. Government Agency to obtain a driver license or identification card.

To conduct this strategic review, we performed the following procedures:

- Compared driver license and identification card applicant's social security numbers to issued valid sequences of social security numbers from the Social Security Administration;
- Compared driver license and identification card applicant's social security numbers to social security numbers from the Social Security Administration's Death Index File for deceased persons;
- Interviewed appropriate DMV employees concerning the use of social security numbers in obtaining drivers license and identification cards.

This report presents the results of our strategic review. The review was conducted pursuant to North Carolina General Statute §147-64.6.

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FINDINGS AND RECOMMENDATIONS

INVALID SOCIAL SECURITY NUMBERS AND SOCIAL SECURITY NUMBERS MATCHED WITH THE SOCIAL SECURITY DEATH FILE

Prior to January 2002, DMV did not require a social security number (SSN) to obtain a driver's license. If another form of acceptable identification was presented, the social security number did not need to be used. Between January 2002 and August 2006, a social security number or an ITIN number was accepted as a valid form of identification. After August 2006, a valid social security number must be presented for all new driver's licenses and all renewed driver's licenses. As a result, 1,758,535 driver's licenses in the DMV driver's license database do not have a social security number associated with them at this time.

In the DMV driver's license database there are 8,134,228 applicants who provided their social security number to DMV when they originally obtained or renewed their driver's license. For the applicants who provided social security numbers, we compared the numbers provided to the Social Security Administration's ranges of validly issued social security numbers. We also matched the numbers provided to the SSNs in the Social Security Administration's file of deceased individuals. As a result of these matches, we noted the following:

- We identified 14,122 social security numbers that were invalid (i.e. they were not within the range of valid numbers issued by the Social Security Administration). Of these invalid SSNs, 7,234 belonged to individuals with revoked and expired driver's licenses and identification cards.
- We identified 12,796 applicants with social security numbers that matched social security number of deceased persons in the Social Security Administration's Death File. The names of these applicants did not match the names on the death file. Of these matched SSNs, 7,498 belonged to individuals with revoked and expired driver licenses and identification cards.

The invalid social security numbers and the social security numbers that matched the death file could be the result of keypunch errors or they may be the result of driver's license applicants providing false social security numbers to obtain driver's licenses. The expired driver's licenses and identification cards, although no longer valid in North Carolina, may possibly be used to obtain a driver license or identification card in another state.

FINDINGS AND RECOMMENDATIONS (CONTINUED)

Recommendation: DMV should investigate the incorrect social security numbers and determine the reason they are incorrect. DMV should correct the keypunch errors, if any, and take appropriate action for the incorrect social security numbers that were used to obtain North Carolina driver's licenses.

Auditee's Response:

We have studied the draft strategic review of potentially invalid Social Security Numbers used to obtain driver licenses and identification cards. We commend your staff for a thorough and professional review of this component of the driver licensing process.

Based on information developed in your review, I am asking my staff to work with the Information Technology division of the Department of Transportation to conduct a case-by-case analysis of the potentially invalid Social Security Numbers to determine if they may be incorrect and, if so, take appropriate action.

North Carolina law did not require a Social Security Number for issuance of a driver license or an identification card until October 1, 1997. Most of the 1.758 million records without an SSN were issuances before that date. Some of those issuances without an SSN could be the result of the law allowing the use of the Individual Taxpayer Identification Number (ITIN), which was in effect from January 1, 2002 to August 28, 2006. Some of those without an SSN may be persons who obtained a license or ID card since August 28, 2006 using a visa. Please note also that the ITIN was never accepted by DMV as one of the two forms of identification required under N.C. General Statutes 20-7(b1). It was established by the General Assembly as an alternative to the Social Security Number requirement under NCGS 20-7(b1).

Some of this investigation may require the assistance of the Social Security Administration (SSA), since there appear to be some discrepancies in the status provided by SSA. For instance, your investigation revealed 14,122 records which SSA said had invalid SSNs (a number sequence not allowed by SSA). However, our follow-up showed that of those 14,122 persons, 1,887 have come back to a Driver License Office since implementation of the Social Security On-Line Verification (SSOLV) process in March 2004. Of these 1,887, 91% (1,719) were validated by SSOLV. SSA has two different databases for validating SSNs, and our experience has shown that there can be discrepancies between the two databases maintained by SSA.

In reviewing the records using the Social Security Death File, your audit identified 12,796 records of persons whose SSN matched the SSN of deceased persons in the Death File. We will also be reviewing these cases individually.

FINDINGS AND RECOMMENDATIONS (CONCLUDED)

As you mention, the invalid Social Security numbers and the Social Security numbers that match the death file could be the result of keypunch errors or the result of an applicant committing fraud by using an invalid SSN. In some cases, especially in the case of records of the deceased, the discrepancies may reflect persons who received their license legitimately under a married name, but never updated their SSA records to reflect their name change.

As you recognize, there are a variety of explanations for these discrepancies, but we know that it is critical that we sort through these discrepancies and address these situations in order to eliminate any fraudulent records. I have instructed my staff to give high priority to resolving these discrepancies with the Social Security Administration and taking appropriate action.

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