



STATE OF NORTH CAROLINA
Office of the State Auditor

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December 10, 2007

Sherry Bradsher, Director
North Carolina Division of Social Services
325 N. Salisbury Street
2401 Mail Service Center
Raleigh, North Carolina 27699

Dear Ms. Bradsher:

We have completed a strategic review of potentially invalid social security numbers used by participants in the Food and Nutrition Services Program (formerly Food Stamp). The results of our review are contained in this management letter. The review was conducted pursuant to North Carolina General Statute §147-64.6(c) (16) rather than as a financial audit.

North Carolina General Statutes require the State Auditor to make audit reports available to the public. Management letters and responses receive the same distribution as audit reports.

Please contact me if you have any questions about these audit findings and recommendations. We express our sincere appreciation to you and your staff for the cooperation extended to us during our strategic review.

Sincerely,

LESLIE W. MERRITT, JR., CPA, CFP
STATE AUDITOR

A handwritten signature in cursive script that reads "Charles T. Williford".

Charles T. Williford, CPA, CITP, CISA, CFE, CPM
Director of Information Systems Audits

LMjr/CTW/TG:mfd

BACKGROUND AND REVIEW RESULTS

The Food and Nutrition Services Program is designed to promote the general welfare and to safeguard the health and well being of the nation's population by raising the levels of nutrition among low-income households.

Federal Regulation 7CFR273.6 Part A states that the state agency shall require that a household participating or applying for participation in the Food Stamp Program provide the state agency with the social security number (SSN) of each household member or apply for one before certification.” Part B states that failure to provide an SSN shall cause the individual to be ineligible to participate in the Food Stamp Program. It further states that the disqualification applies to the individual for whom the SSN is not provided and not to the entire household.

Only those household members who have a valid SSN and meet all other eligibility requirements are included in the Food and Nutrition Services Program entitlement calculation for the household. If a household has ten members and only five meet all the requirements, then the entitlement calculation is based on five members and not on the ten total members in the household.

A household can have both parents who have invalid social security numbers. As a result, neither one of them would qualify for the Food and Nutrition Services Program but their children may still meet the requirements for the entitlement program. In this case, the calculation for the entitlement would be based only on the number of eligible children in the household. The Food and Nutrition card is always issued to the head of the household (father or mother) whether they are eligible for the program or not.

The Food and Nutrition Services Program is administered by county Departments of Social Services and is supervised by North Carolina's Department of Health and Human Services. The program has specific requirements concerning what information must be verified. The Online Verification System (OLV) provides users or caseworkers in the county social services departments a single resource for verifying data gathered during the interview process. OLV verifies social security numbers by queries in the State Online Query (SOLQ) and the Beneficiary Earnings Data Exchange (Bendex).

In addition to the above social security verification procedures, twice each month, the state sends information to the Social Security Administration (SSA) via the Network Data Mover (NDM). The State sends all active and pending individuals from the Eligibility Information System who do not have a social security validation code in the Master Client Index (MCI). The SSNs are compared to the Numident File (file used by SSA to issue numbers to wage earners). If no match is found on the NUMIDENT file, the SSA will then check the Bendex and Alphadent file (a SSA file with personal information such as name, SSN, and date of birth).

BACKGROUND AND REVIEW RESULTS (CONTINUED)

We obtained an electronic file from the Food Stamp Information System (FSIS) that covered the period of July 2, 2002, through April 10, 2007. We used the date of issuance field to define our period. Our population of participants included only those individuals who were eligible to be included in the calculation of the allotment amount. We had a total of 1,759,812 participants in our population.

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

- Analyzed food stamp recipients social security numbers (SSNs) for validity by comparing recipient SSNs with the ranges of valid SSNs from the Social Security Administration;
- Compared food stamp recipients SSNs from the FSIS file to SSNs from the Social Security Administration's file of deceased individuals;
- Interviewed appropriate agency food stamps program staff.

The results of our review are as follows:

- 1) We identified 1,906 food stamp recipients with invalid social security numbers (i.e. they were not within the range of valid numbers issued by the Social Security Administration). The error rate is 0.0009. Appendix 1 lists the number of recipients by county.

The Food and Nutrition Services Program identified 4,742 additional people that had invalid social security numbers and properly excluded them from the entitlement calculation for the households they are members of.

- 2) We identified 1,237 food stamp recipients using someone else's SSN. In all of these cases, the SSNs belonged to deceased persons. The error rate is 0.0007. Appendix 2 lists recipients by county.

We identified 1,098 additional people that were using a deceased person's SSN. These people were excluded from the entitlement calculation for the households they are members of because they did not meet other eligibility requirements of the program.

- 3) We found a total of 69 food stamp recipients with certification date of equal to or greater than 45 days after their date of death. The error rate is 0.00004. Appendix 3 lists the number of recipients by county.

BACKGROUND AND REVIEW RESULTS (CONTINUED)

It is our opinion that the limited number of exceptions found during our review fall within a statistically expected error rate taking into consideration the complexity of administering a program as large as the Food and Nutrition Services Program. It appears that the State's procedures built into this program are functioning properly to ensure compliance with the federal regulation with regard to social security number validation.

Agency Response:

Division of Social Services (DSS) is pleased with the small number of exceptions found during this review. We are proud of the work our counties do in verifying social security numbers in the Food and Nutrition Services program. Although it was noted that this small number of exceptions falls within a statistically expected error rate, continuous improvement is important to us, thus, we have developed reports from these findings for county DSSs to review for correction. Over issuances of benefits will be calculated and processed for recoupment as appropriate.

We recognize the importance of detecting potential SSN errors on a regular basis. Therefore, we have developed a query in the Client Services Data Warehouse (CSDW) titled "Individuals Without Verified SSNs" to identify individuals in active Food and Nutrition Services cases without verified SSNs. Counties can use this report to request further information from the client to obtain a valid SSN. We are researching the feasibility of developing additional reports, such as match of recipient SSNs to those belonging to deceased individuals to produce on an ongoing basis. Such reports can be used to further improve our SSN validation. We appreciate the opportunity to improve social security number validation procedures to comply with federal regulation.

BACKGROUND AND REVIEW RESULTS (CONTINUED)

Appendix 1

Food and Nutrition Recipients with Invalid Social Security Numbers Sorted by County in Descending Error Rate Order

County No.	County Name	Total Recipients	Error Count	Error Rate
60	Mecklenburg	160,236	367	0.0023
11	Buncombe	48,719	99	0.0020
92	Wake	90,783	164	0.0018
67	Onslow	28,270	51	0.0018
71	Pender	9,951	17	0.0017
32	Durham	43,400	72	0.0017
52	Jones	2,517	4	0.0016
15	Camden	1,291	2	0.0015
46	Hertford	8,106	11	0.0014
34	Forsyth	55,419	75	0.0014
87	Swain	3,706	5	0.0013
27	Currituck	3,044	4	0.0013
41	Guilford	86,996	114	0.0013
68	Orange	12,327	16	0.0013
43	Harnett	23,145	29	0.0013
26	Cumberland	77,157	94	0.0012
65	New Hanover	31,367	38	0.0012
10	Brunswick	16,548	20	0.0012
90	Union	22,393	26	0.0012
47	Hoke	10,448	12	0.0011
96	Wayne	26,605	30	0.0011
44	Haywood	12,634	14	0.0011
53	Lee	10,211	11	0.0011
33	Edgecombe	21,066	22	0.0010
24	Columbus	17,242	18	0.0010
76	Randolph	24,230	25	0.0010
66	Northampton	7,922	8	0.0010
30	Davie	4,966	5	0.0010
01	Alamance	20,886	21	0.0010
73	Person	7,990	8	0.0010
55	Lincoln	13,071	13	0.0010
64	Nash	20,178	20	0.0010
61	Mitchell	3,096	3	0.0010
17	Caswell	6,315	6	0.0010
22	Clay	2,127	2	0.0009
45	Henderson	14,997	14	0.0009
03	Alleghany	2,152	2	0.0009
83	Scotland	14,202	13	0.0009
81	Rutherford	16,974	15	0.0009
54	Lenoir	17,134	15	0.0009
89	Tyrrell	1,169	1	0.0009
59	McDowell	8,190	7	0.0009
80	Rowan	27,041	23	0.0009
93	Warren	6,147	5	0.0008
98	Wilson	19,848	16	0.0008
75	Polk	2,555	2	0.0008
29	Davidson	32,134	25	0.0008
14	Caldwell	19,462	15	0.0008
13	Cabarrus	27,693	21	0.0008
50	Jackson	6,649	5	0.0008

BACKGROUND AND REVIEW RESULTS (CONTINUED)

Appendix 1 (Concluded)**Food and Nutrition Recipients with Invalid Social Security Numbers
Sorted by County in Descending Error Rate Order**

<u>County No.</u>	<u>County Name</u>	<u>Total Recipients</u>	<u>Error Count</u>	<u>Error Rate</u>
21	Chowan	4,060	3	0.0007
97	Wilkes	13,537	10	0.0007
49	Iredell	22,015	16	0.0007
25	Craven	17,959	13	0.0007
28	Dare	2,930	2	0.0007
00	Yancey	4,414	3	0.0007
18	Catawba	31,130	21	0.0007
74	Pitt	33,294	22	0.0007
05	Ashe	4,676	3	0.0006
31	Duplin	11,150	7	0.0006
19	Chatham	6,485	4	0.0006
78	Robeson	47,478	28	0.0006
02	Alexander	6,994	4	0.0006
12	Burke	17,963	10	0.0006
36	Gaston	47,724	26	0.0005
86	Surry	14,975	8	0.0005
84	Stanly	11,383	6	0.0005
79	Rockingham	19,392	10	0.0005
38	Graham	1,946	1	0.0005
57	Madison	3,933	2	0.0005
63	Moore	12,220	6	0.0005
99	Yadkin	6,119	3	0.0005
91	Vance	16,384	8	0.0005
85	Stokes	8,430	4	0.0005
94	Washington	4,294	2	0.0005
42	Halifax	21,648	10	0.0005
95	Watauga	4,529	2	0.0004
51	Johnston	27,527	12	0.0004
58	Martin	6,954	3	0.0004
16	Carteret	9,379	4	0.0004
35	Franklin	11,820	5	0.0004
08	Bertie	7,313	3	0.0004
37	Gates	2,473	1	0.0004
82	Sampson	15,344	6	0.0004
69	Pamlico	2,653	1	0.0004
09	Bladen	10,769	4	0.0004
88	Transylvania	5,510	2	0.0004
39	Granville	9,145	3	0.0003
56	Macon	6,120	2	0.0003
72	Perquimans	3,121	1	0.0003
70	Pasquotank	9,575	3	0.0003
77	Richmond	14,528	4	0.0003
23	Cleveland	27,494	7	0.0003
20	Cherokee	5,182	1	0.0002
40	Greene	5,348	1	0.0002
07	Beaufort	11,643	2	0.0002
62	Montgomery	6,340	1	0.0002
04	Anson	8,147	1	0.0001

BACKGROUND AND REVIEW RESULTS (CONTINUED)

Appendix 2

**Food and Nutrition Recipients with Names Not Matching
Their SSNs on Social Security Administration Records
Sorted by County in Descending Error Rate Order**

<u>County No.</u>	<u>County Name</u>	<u>Total Recipients</u>	<u>Error Count</u>	<u>Error Rate</u>
69	Pamlico	2,653	5	0.0019
95	Watauga	4,529	8	0.0018
88	Transylvania	5,510	8	0.0015
22	Clay	2,127	3	0.0014
68	Orange	12,327	17	0.0014
48	Hyde	1,452	2	0.0014
50	Jackson	6,649	9	0.0014
61	Mitchell	3,096	4	0.0013
86	Surry	14,975	17	0.0011
32	Durham	43,400	48	0.0011
60	Mecklenburg	160,236	176	0.0011
11	Buncombe	48,719	52	0.0011
44	Haywood	12,634	13	0.0010
43	Harnett	23,145	23	0.0010
21	Chowan	4,060	4	0.0010
93	Warren	6,147	6	0.0010
62	Montgomery	6,340	6	0.0009
06	Avery	3,323	3	0.0009
53	Lee	10,211	9	0.0009
45	Henderson	14,997	13	0.0009
92	Wake	90,783	75	0.0008
97	Wilkes	13,537	11	0.0008
71	Pender	9,951	8	0.0008
10	Brunswick	16,548	13	0.0008
15	Camden	1,291	1	0.0008
14	Caldwell	19,462	15	0.0008
65	New Hanover	31,367	24	0.0008
41	Guilford	86,996	65	0.0007
09	Bladen	10,769	8	0.0007
46	Hertford	8,106	6	0.0007
18	Catawba	31,130	23	0.0007
26	Cumberland	77,157	57	0.0007
79	Rockingham	19,392	14	0.0007
90	Union	22,393	16	0.0007
96	Wayne	26,605	19	0.0007
94	Washington	4,294	3	0.0007
55	Lincoln	13,071	9	0.0007
13	Cabarrus	27,693	19	0.0007
00	Yancey	4,414	3	0.0007
35	Franklin	11,820	8	0.0007
67	Onslow	28,270	19	0.0007
74	Pitt	33,294	22	0.0007
63	Moore	12,220	8	0.0007
99	Yadkin	6,119	4	0.0007
56	Macon	6,120	4	0.0007
78	Robeson	47,478	31	0.0007
34	Forsyth	55,419	35	0.0006

BACKGROUND AND REVIEW RESULTS (CONTINUED)

Appendix 2 (Concluded)

**Food and Nutrition Recipients with Names Not Matching
Their SSNs on Social Security Administration Records
Sorted by County in Descending Error Rate Order**

<u>County No.</u>	<u>County Name</u>	<u>Total Recipients</u>	<u>Error Count</u>	<u>Error Rate</u>
36	Gaston	47,724	30	0.0006
33	Edgecombe	21,066	13	0.0006
98	Wilson	19,848	12	0.0006
83	Scotland	14,202	8	0.0006
77	Richmond	14,528	8	0.0006
64	Nash	20,178	11	0.0005
81	Rutherford	16,974	9	0.0005
80	Rowan	27,041	14	0.0005
38	Graham	1,946	1	0.0005
42	Halifax	21,648	11	0.0005
66	Northampton	7,922	4	0.0005
12	Burke	17,963	9	0.0005
73	Person	7,990	4	0.0005
47	Hoke	10,448	5	0.0005
17	Caswell	6,315	3	0.0005
29	Davidson	32,134	15	0.0005
03	Alleghany	2,152	1	0.0005
19	Chatham	6,485	3	0.0005
82	Sampson	15,344	7	0.0005
49	Iredell	22,015	10	0.0005
31	Duplin	11,150	5	0.0004
23	Cleveland	27,494	12	0.0004
58	Martin	6,954	3	0.0004
02	Alexander	6,994	3	0.0004
16	Carteret	9,379	4	0.0004
54	Lenoir	17,134	7	0.0004
24	Columbus	17,242	7	0.0004
51	Johnston	27,527	11	0.0004
52	Jones	2,517	1	0.0004
20	Cherokee	5,182	2	0.0004
01	Alamance	20,886	8	0.0004
40	Greene	5,348	2	0.0004
76	Randolph	24,230	9	0.0004
04	Anson	8,147	3	0.0004
59	McDowell	8,190	3	0.0004
84	Stanly	11,383	4	0.0004
28	Dare	2,930	1	0.0003
25	Craven	17,959	6	0.0003
27	Currituck	3,044	1	0.0003
39	Granville	9,145	3	0.0003
72	Perquimans	3,121	1	0.0003
70	Pasquotank	9,575	3	0.0003
07	Beaufort	11,643	3	0.0003
57	Madison	3,933	1	0.0003
91	Vance	16,384	4	0.0002
85	Stokes	8,430	2	0.0002
05	Ashe	4,676	1	0.0002
30	Davie	4,966	1	0.0002
08	Bertie	7,313	1	0.0001
	Unknown county	1		

BACKGROUND AND REVIEW RESULTS (CONCLUDED)

Appendix 3

**Food and Nutrition Recipients with Certification Date
Equal to or Greater Than 45 Days after Date of Death
Sorted by County in Descending Error Rate Order**

<u>County No.</u>	<u>County Name</u>	<u>Total Recipients</u>	<u>Error Count</u>	<u>Error Rate</u>
38	Graham	1,946	1	0.0005
37	Gates	2,473	1	0.0004
69	Pamlico	2,653	1	0.0004
62	Montgomery	6,340	2	0.0003
00	Yancey	4,414	1	0.0002
90	Union	22,393	4	0.0002
12	Burke	17,963	3	0.0002
19	Chatham	6,485	1	0.0002
77	Richmond	14,528	2	0.0001
66	Northampton	7,922	1	0.0001
91	Vance	16,384	2	0.0001
39	Granville	9,145	1	0.0001
16	Carteret	9,379	1	0.0001
64	Nash	20,178	2	0.0001
42	Halifax	21,648	2	0.0001
32	Durham	43,400	4	0.0001
84	Stanly	11,383	1	0.0001
76	Randolph	24,230	2	0.0001
63	Moore	12,220	1	0.0001
68	Orange	12,327	1	0.0001
44	Haywood	12,634	1	0.0001
55	Lincoln	13,071	1	0.0001
86	Surry	14,975	1	0.0001
45	Henderson	14,997	1	0.0001
82	Sampson	15,344	1	0.0001
36	Gaston	47,724	3	0.0001
10	Brunswick	16,548	1	0.0001
24	Columbus	17,242	1	0.0001
26	Cumberland	77,157	4	0.0001
14	Caldwell	19,462	1	0.0001
33	Edgecombe	21,066	1	0.0000
41	Guilford	86,996	4	0.0000
49	Iredell	22,015	1	0.0000
11	Buncombe	48,719	2	0.0000
23	Cleveland	27,494	1	0.0000
13	Cabarrus	27,693	1	0.0000
67	Onslow	28,270	1	0.0000
65	New Hanover	31,367	1	0.0000
60	Mecklenburg	160,236	5	0.0000
29	Davidson	32,134	1	0.0000
78	Robeson	47,478	1	0.0000
92	Wake	90,783	1	0.0000