



STATE OF NORTH CAROLINA
Office of the State Auditor

Leslie W. Merritt, Jr., CPA, CFP
State Auditor

2 S. Salisbury Street
20601 Mail Service Center
Raleigh, NC 27699-0601
Telephone: (919) 807-7500
Fax: (919) 807-7647
Internet
<http://www.ncauditor.net>

April 20, 2007

Dr. James Moeser, Chancellor
The University of North Carolina at Chapel Hill
103 South Building
Chapel Hill, North Carolina

Dear Dr. Moeser:

We have completed a strategic review of potentially invalid social security numbers used by employees at the University of North Carolina at Chapel Hill. The results of our review, along with recommendations for corrective action, 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.

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

- Analyzed employee social security numbers (SSNs) for validity by comparing employee SSNs with the ranges of valid SSNs from the Social Security Administration;
- Compared employee SSNs from the payroll file to SSNs from the Social Security Administration's file of deceased individuals;
- For SSNs from the payroll file that matched numbers on the file of deceased individuals, we determined if the employees continued to be paid after their date of death;
- Interviewed appropriate agency payroll staff;
- Analyzed selected employees with valid SSNs to determine if their name matched the name assigned to the social security number by the Social Security Administration;

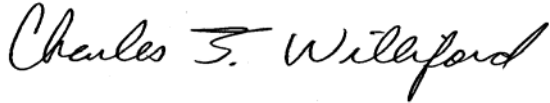
Dr. James Moeser, Chancellor
April 20, 2007
Page 2

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

AUDIT FINDINGS AND RECOMMENDATIONS

SOCIAL SECURITY NUMBER MATCHED WITH THE SOCIAL SECURITY DEATH FILE.

We compared the social security numbers from the university payroll to the Social Security Administration's ranges of validly issued social security numbers. We also matched the social security numbers (SSNs) from the university payroll 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 one university employee with a social security number that matched the social security number of a deceased person in the Social Security Administration's Death File. The name of this applicant did not match the name on the death file. This employee's social security number matched the number on his social security card and the information in his personnel file, yet failed verification with the Social Security Administration (SSA). The SSA's website verification also linked this employee's SSN to deceased person.

Recommendation: UNC-CH should take appropriate corrective action to resolve this issue.

Auditee's Response:

In 2001 the University began using the Social Security Number Verification Service maintained by the Social Security Administration to identify mismatches of name, date of birth, and other information between University records and records of the Social Security Administration. The service provides a valuable tool to ensure accurate reporting on tax form W-2 and for other identification purposes. The Payroll Services department then coordinates corrective actions needed with appropriate campus departments.

Regarding the specific issue noted in this audit letter, the individual in question retired from the University effective April 1, 2007. Prior to that, staff members from the University's Payroll Services department requested on multiple occasions that the individual discuss the name/SSN mismatch with the Social Security Administration (SSA) and advised the individual to contact the SSA to resolve the discrepancy. The department's Human Resources Generalist also met with the individual and advised the same.

The University relies on the Social Security Number Verification Service (SSNVS) Handbook issued by the SSA regarding correct procedures to follow if an employee's SSN fails to verify. According to the handbook: *"If your employment records and the name and SSN shown on the Social Security card do not match, ask the employee to check with any local Social Security Office to determine and resolve the issue. Tell the employee that once he/she has visited the Social Security Office, he/she should inform you of any changes. You should correct your records accordingly"*. The instructions continue, *"If the employee is unable to provide a valid SSN, you are encouraged to document your efforts to obtain the corrected information"*.

AUDIT FINDINGS AND RECOMMENDATIONS (CONCLUDED)

The handbook cautions, *"A mismatch is not a basis, in and of itself, for you to take any adverse action against an employee, such as laying off, suspending, firing, or discriminating. Company policy should be applied consistently to all workers. Any employer that uses the failure of the information to match SSA records to take inappropriate adverse action against a worker may violate State or Federal law. The information you receive from SSNVS does not make any statement regarding a worker's immigration status"*.

The University believes that it exercised due diligence in notifying the individual of the issue and repeatedly requesting that the individual resolve the discrepancy with the SSA. The University documented its efforts to bring this matter to the individual's attention, consistent with the federal guidance on how to address these situations.

Management's response is intended to provide information to enable this matter to be considered appropriately resolved. Thank you for your assistance.