



STATE OF NORTH CAROLINA  
Office of the State Auditor

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January 3, 2007

Dr. James L. Oblinger, Chancellor  
North Carolina State University  
Campus Box 7001  
Raleigh, North Carolina 27695

Dear Dr. Oblinger:

We have completed a strategic review of potentially invalid social security numbers used by employees at North Carolina State University. 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:

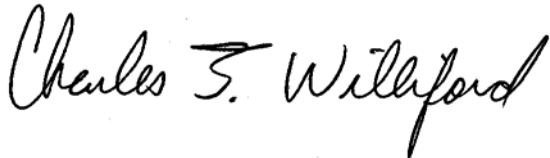
- Analyzed employee social security numbers (SSNs) for validity by comparing employee SSNs with the ranges of valid SSNs from the Social Security Administration;
- Compared employee SSNs from the payroll file to SSNs from the Social Security Administration's file of deceased individuals;
- For SSNs from 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 university 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;

*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 black ink that reads "Charles T. Williford". The signature is written in a cursive, flowing style.

Charles T. Williford, CPA.CITP, CISA, CFE, CPM  
Director of Information Systems Audits  
LMjr/CTW/TG:mfd

## **AUDIT FINDINGS AND RECOMMENDATIONS**

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### ***AUDIT FINDING 1: NCSU EMPLOYEES HAVE SOCIAL SECURITY NUMBERS THAT ARE ASSIGNED TO PEOPLE WHO ARE DECEASED***

We matched social security numbers from the university payroll file to the social security file of deceased persons. Eight university employees had social security numbers that matched the social security number of a deceased person. The university employee's name was different than the name on the social security administration's deceased person's file.

Of these eight employees we noted the following.

- 1) Seven university employee social security numbers were keypunch errors. These errors had been corrected at the time of our audit.
- 2) One university employee's social security number matched the number on their social security card in their personnel file. An independent verification service confirmed that this social security number was assigned to deceased person instead of the employee on the university payroll. This employee was not able to get a valid social security number and was terminated after our review.
- 3) One university employee did not have an I-9 form on file.

*Recommendation:* The University has procedures in place to investigate irregularities in employees' social security numbers. The university should continue to investigate employees who are using social security numbers assigned to deceased people and take appropriate action. I-9 forms should be retained for all employees of the university.

*Auditee's Response:* We appreciate the recent audit, especially the commendation that NC State University had good controls and processes in place.

We will continue to use the processes we have in place related to potentially invalid social security numbers with the following modifications:

- We will perform a detailed follow-up on social security number mismatches from the previous quarterly batch file submitted through the Social Security Administration's Employee Verification System process to ensure they have been resolved.
- With the implementation of the BASIC pilot program effective January 1, 2007, any mismatches due to invalid social security numbers, including those belonging to deceased individuals, should also be identified.
- If necessary, we will investigate subscribing to the Social Security Administration's death file, so we can determine if a mismatched number belongs to a deceased individual.

Relating to the I-9 process, our Internal Audit Division has recently completed an audit of this process and we are addressing the recommendations, which include retaining I-9 forms for all employees for the required period of time.