



DEPARTMENT OF
FINANCE

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Transmitted via e-mail

March 7, 2013

Dr. Jeffrey A. Beard, Secretary
California Department of Corrections and Rehabilitation
P.O. Box 942833
Sacramento, CA 94283-0001

Dear Dr. Beard:

Final Report—California Department of Corrections and Rehabilitation Agreed-Upon Procedures for the Consent Based Social Security Number Verification System

The Department of Finance, Office of State Audits and Evaluations (Finance), has completed its agreed-upon procedures of the California Department of Corrections and Rehabilitation's (Corrections) Consent Based Social Security Number Verification System, for the period June 24, 2008 through December 21, 2011.

In accordance with the User Agreement between the Social Security Administration (SSA) and Corrections, the procedure results were issued to SSA on May 8, 2012. Release of the results to Corrections was pending approval from SSA. On February 26, 2013, Finance received approval from SSA to release the procedure results to Corrections.

The enclosed report is for your information and use. The report will be placed on our website.

If you have any questions regarding this report, please contact Cheryl McCormick, Manager at (916) 322-2985.

Sincerely,

Original signed by:

David Botelho, CPA
Chief, Office of State Audits and Evaluations

Enclosure

cc: On following page

cc: Mr. John Wordlaw, Deputy Director, Office of Fiscal Services, California Department of Corrections and Rehabilitation
Mr. William Bramer, Associate Director, Accounting Services, California Department of Corrections and Rehabilitation
Mr. Jaime Corvera, Administrator, Accounting Services, California Department of Corrections and Rehabilitation
Ms. Michele Gomez-Essex, Accounting Administrator II, IWF/Trust Accounting Section, California Department of Corrections and Rehabilitation
Ms. Irene Painter, Accounting Administrator I, IWF/Trust Accounting Section, California Department of Corrections and Rehabilitation
Ms. Linda Wong, External Audits Manager, Office of Audits and Compliance, California Department of Corrections and Rehabilitation
Mr. Bryan Beyer, Deputy Director, Office of Audits and Compliance, California Department of Corrections and Rehabilitation

Agreed-Upon Procedures

California Department of Corrections and Rehabilitation
Consent Based Social Security Number Verification
For the Period June 24, 2008
through December 21, 2011

Prepared By:
Office of State Audits and Evaluations
Department of Finance

MEMBERS OF THE TEAM

Cheryl L. McCormick, CPA
Manager

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Final reports are available on our website at <http://www.dof.ca.gov>

You can contact our office at:

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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

Ms. Cassandra Fowlkes, Program Analyst
Social Security Administration
4298 Annex Building
6401 Security Boulevard
Baltimore, MD 21235-6401

We have performed the procedures enumerated within the Results section of this report, which were agreed to by the California Department Finance, Office of State Audits and Evaluations (Finance) and the Social Security Administration (SSA). The procedures were performed to assist the SSA in evaluating the California Department of Corrections and Rehabilitation's (Corrections) compliance with the Consent Based Social Security Number Verification (CBSV) User Agreement for the period June 24, 2008 through December 21, 2011.

This engagement to apply agreed-upon procedures was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the SSA. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The agreed-upon procedures and the results are detailed in the Results section. No issues or matters outside the agreed-upon procedures came to our attention that would significantly contradict the subject matter being reported.

We were not engaged to and did not conduct an audit, the objective of which would be the expression of an opinion on Corrections' financial statements. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the SSA and is not intended to be and should not be used by anyone other than this specified party. However, this report is a matter of public record and its distribution is not limited.

Original signed by:

David Botelho, CPA
Chief, Office of State Audits and Evaluations

April 25, 2012

PROCEDURES AND RESULTS

Corrections submitted 2,138 social security number verifications to the SSA during the period June 24, 2008 through December 21, 2011. A sample of 326, representing 15 percent, was selected to apply the agreed upon procedures.

Procedure 1:

Verify that the Principal (the company's client) used the Social Security Number (SSN) verification for the purpose(s) specified on the SSA-89 signed by the individual.

Result:

Corrections used the SSN verification for the purposes specified on the SSA-89 signed by the individual.

Procedure 2:

Send confirmation letters (or use other form of re-contact) to a limited number of individuals signing Form SSA-89 to verify that the Client gave authorization to obtain the SSN verification and release it to the Requesting Party (if applicable) and the Principal for the stated purpose.

Result:

Confirmations were sent to 262 of the 326 inmates sampled (80 percent). Confirmations were not sent to 64 of the sample (20 percent) because the inmates either had been released or transferred to local custody and a forwarding address was unavailable, or were deceased.

Of the 262 confirmations sent, 180 (69 percent) provided a response:

- 168 (93 percent) confirmed that Corrections was granted authorization
- 10 (6 percent) replied that authorization was not granted
- 2 provided an incomplete response

Procedure 3:

Confirm that a signed Form SSA-89 was used to obtain consent in all cases.

Result:

We confirmed that 316 (97 percent) Form SSA-89s were used to obtain consent. Two forms were not signed and eight forms were not on file.

Procedure 4:

Verify that the Requesting Party used the SSN verification only for the purpose(s) specified on the SSA-89 signed by the individual.

Result:

Corrections used the SSN verification for the purposes specified on the SSA-89 signed by the individual.

Procedure 5:

Review and confirm that the SSA-89 was completed in its entirety, without alterations, including signature, date, contact information for the authorizing party and the stated purpose.

Result:

We confirmed that 310 forms (95 percent) were completed in their entirety without alterations. Six forms were either not signed or dated, or both. Two forms included edits, using white-out; and eight forms were not on file.

Procedure 6:

Confirm that the purpose stated on the SSA-89 identifies a specific purpose (e.g., "mortgage application") and is not a general purpose (e.g., "identity verification" or "identity proof or confirmation").

Result:

We confirmed that 316 forms (97 percent) stated a specific purpose; 2 did not state a specific purpose; and 8 forms were not on file.

Procedure 7:

Verify that the submission date for the SSN verification was after the date the SSA-89 was signed and dated.

Result:

Of the forms sampled, 316 (97 percent) were submitted for SSN verification after the date the SSA-89 was signed and dated. Two SSN verifications occurred before the forms were signed and dated, and eight forms were not on file.

Procedure 8:

Verify that the submission date for the SSN verification was not more than 90 days after the SSA-89 was signed and dated unless the authorizing individual specified an alternate timeframe. If so, verify that the submission date was within the alternate timeframe.

Result:

We verified that 288 forms (88 percent) were submitted for SSN verification within 90 days after the forms were signed and dated; 28 forms (9 percent) were submitted for verification after 90 days and no alternate timeframe was specified; 2 forms were submitted for verification prior to the forms being signed and dated; and 8 forms were not on file.

Procedure 9:

Verify that the company is retaining consent forms for seven years from the date of the SSN verification.

Result:

Of the forms sampled, 318 forms (98 percent) had been retained since the date of the SSN verification, which is less than seven years. Eight forms were not on file.

Procedure 10:

Document the Requesting Party's record retention policy, and verify the procedures are followed as it relates to the particular circumstances outlined below:

- a. Paper—Verify that the consent forms are stored in a locked fireproof storage cabinet, and confirm that only authorized personnel have access to these files as stated on the SSA-88.
- b. Electronic—Verify that the consent forms are password protected, and confirm that only authorized personnel have access to these files as stated on the SSA-88. Verify passwords issued to personnel who no longer work for the company or no longer work in the capacity to have access to the files are voided. Verify that consent forms converted to electronic media have been destroyed. Verify that the disaster recovery procedures are in place and are being followed.
- c. Removable Electronic Media—Verify that all data has been encrypted, and confirm that such removable electronic media is stored in a locked, fireproof storage receptacle. Confirm that only authorized users have access to this media. Verify that the paper consent forms have been properly destroyed after being stored electronically.

Result:

Corrections' record retention policy as it relates to the SSA-89 forms is as follows:

- a. Paper—Corrections stores its consent forms in a locked storage cabinet that is not fireproof. The locked storage cabinet is accessed with a key. One key is maintained by an authorized user. The other key is taped underneath a computer keyboard located approximately five feet from the storage cabinet, thus increasing the risk of unauthorized access to sensitive information.
- b. Electronic—Procedure is not applicable. Corrections does not maintain consent forms in an electronic format.
- c. Removable Electronic Media—Procedure is not applicable. Corrections does not maintain consent forms on removable electronic media.

Procedure 11:

Verify that the Attestation Statement is current, and the signer's authority includes authority to financially bind the company and bear responsibility for CBSV SSN verification.

Result:

The Attestation Statement on file was not current. It was signed in March 2009 by Corrections' Accounting Administrator II, who retired in December 2009. The Accounting Administrator II had the authority to financially bind Corrections and bear responsibility for CBSV SSN verification.

Procedure 12:

Verify that the SSA-88s are current (employee is still employed by the company and is still performing CBSV duties).

Result:

Of the three SSA-88s on file, two were current and the employees are still performing CBSV duties. One SSA-88 was outdated, due to the employee retiring in December 2009.

Procedure 13:

Verify that the access code sent to the Designated Company Official has only been given to the Authorized User and is properly safeguarded from improper disclosure.

Result:

The access code was inadvertently sent to the State Controller's Office. It was later returned to Corrections and forwarded to the authorized user.

At Corrections, the access code is maintained in a locked cabinet, which is not adequately secured because the cabinet key is accessible to unauthorized users. See Procedure 10 results.

Procedure 14:

For Requesting Parties that are not Principals, review the agreements between the company and its Principals (clients) to ensure the agreements include the restrictions on, and penalties for, reuse and re-disclosure.

Result:

Procedure is not applicable. Corrections is both the Requesting Party and the Principal.

Procedure 15:

For Requesting Parties that are not Principals, ensure the company has not informed the Principal (client) of the result of the SSN verification prior to receiving the SSN verification from SSA.

Result:

Procedure is not applicable. Corrections is both the Requesting Party and the Principal.

Procedure 16:

For Requesting Parties that are not Principals, ensure the company has correctly relayed to the Principal (client) the information regarding the SSN verification received from SSA.

Result:

Procedure is not applicable. Corrections is both the Requesting Party and the Principal.

Procedure 17:

Verify the Requesting Party's audit trail and retrieval capabilities by requesting a demonstration of the system's tracking of the activity of Authorized Users who request information or view SSA-supplied information within Requesting Party's system.

Result:

We verified Corrections' audit trail and retrieval capabilities and determined they were adequate in tracking the authorized user activities in the SSA-supplied information system. Corrections demonstrated its tracking capabilities by providing a system generated tracking report, which identified the username, system IP address, and date and time the user accessed the SSA system.