

NEW YORK STATE OFFICE OF THE STATE COMPTROLLER
BUREAU OF STATE PAYROLL SERVICES

**Frequently Asked Questions concerning Payroll Bulletin No. 357:
Verification of Social Security Numbers and Names**

What is the purpose of Bulletin No. 357?

The IRS announced that starting with the 2002 W-2's, fines and penalties will be imposed on employers whose Social Security information (social security number, last name or first name) does not match the records maintained by the Social Security Administration (SSA). The purpose of the bulletin is to provide agencies with instructions and information necessary to resolve discrepancies between Social Security information contained in the State Payroll System and (SSA) records.

What is expected of agencies if the information in the State Payroll System does not match Social Security Administration records?

Agencies should review the Reveal Report (NPAY752 SSA Verification) to identify affected employees, and then send a notification letter to these employees. (OSC included a sample notification letter with bulletin 357). Agencies must retain a copy of each notification letter and any response from the employee for four calendar years.

If the employee confirms that the Social Security information in the State Payroll System is inaccurate, corrected information should be entered into the personal data panel as soon as possible (changes to Social Security information should be made in accordance with agency internal procedures). If the employee confirms that the Social Security information in the State Payroll System is accurate, agencies should ask employees to contact the SSA to update their records.

Note: if the inaccuracy in SSA records relates to an employee name change due to marriage, SSA offers access to the appropriate form ("SS-5 Application for Social Security card) online at <http://www.ssa.gov/online/ss-5.html>

What if the mismatch is on an employee who is inactive in 2002?

To avoid penalties and fines, agencies should send the notification letter to these employees. The agency need only demonstrate a good faith effort to notify the employee that they should update their information with SSA. Agencies are advised to maintain documentation on file of their attempted contact with inactive employees for four years.

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Why does the Reveal report list staff that left the agency in 2001?

Because 2001 information was inadvertently used in the comparison of Social Security information, it included employees who did not receive a check in 2002. Agencies should not send 2001 employees a letter, as no agency action is required.

Can a W-2 be held in order to ensure that an employee will take the necessary steps to correct their records?

All employers are legally obligated to issue the W-2 form in accordance with the statutory time frames.

What deadlines are associated with this new requirement?

The deadline for agencies to enter corrected personal data information into the State Payroll System and avoid the additional step of preparing W-2 C's has been extended to January 17, 2003.

Corrections after January 17, 2003 will require W-2 C's, in addition to updates to the personal data panel. To minimize the risk of fines and penalties imposed by the IRS, these updates and corrections must be completed no later than April 15, 2003.

What are the resources available for agencies to meet the requirements of this new mandate?

- Payroll Bulletin No. 357 "Verification of Social Security Numbers and Names"
- Reveal Report NPAY752 "SSA Verification"
- Draft letter for use by agency Payroll/Personnel Officer to notify employee of discrepancy in the State Payroll System and SSA records
- OSC Contact: Carol Snyder (518) 474 -5545 of the Deduction Section, Bureau of State Payroll Services
- SSA Contact (800) 772 -1213 for employee verification/correction of their record
- SSA online access to form for use by employee to correct SSA record change due to marriage ("SS-5 Application for Social Security Card "):
<http://www.ssa.gov/online/ss-5.html>

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What are the next steps regarding the reconciliation of Social Security Numbers and names in the State Payroll System and SSA files?

This process requires a collaborative effort between OSC and Personnel/Payroll Offices. It is a multi-step process, beginning with the review of Reveal Report NPAY752, employee notification, correction of inaccurate information in the State Payroll System (if necessary), and documentation of a good faith effort to notify affected employees. Since the deadline is rapidly approaching, agencies are encouraged to enter updated information into the personal data panel as soon as possible – changes entered by January 17, 2003 will avoid the need to prepare W-2C's. Following the extended deadline of January 17, 2003, OSC will transmit the newly updated information to SSA, and request a second verification report. The normal turn-around time from SSA for this file is approximately 3 weeks. Upon receipt of the new verification report, OSC will update the Reveal Report, and notify agencies of its availability. At that time, agencies will be asked to conduct a second round of analysis and correction.