
**OFFICE OF
THE INSPECTOR GENERAL**

SOCIAL SECURITY ADMINISTRATION

**SUPPLEMENTAL SECURITY INCOME
PAYMENTS MAILED TO
FIELD OFFICE ADDRESSES**

April 2007

A-06-06-26140

AUDIT REPORT



Mission

By conducting independent and objective audits, evaluations and investigations, we inspire public confidence in the integrity and security of SSA's programs and operations and protect them against fraud, waste and abuse. We provide timely, useful and reliable information and advice to Administration officials, Congress and the public.

Authority

The Inspector General Act created independent audit and investigative units, called the Office of Inspector General (OIG). The mission of the OIG, as spelled out in the Act, is to:

- Conduct and supervise independent and objective audits and investigations relating to agency programs and operations.**
- Promote economy, effectiveness, and efficiency within the agency.**
- Prevent and detect fraud, waste, and abuse in agency programs and operations.**
- Review and make recommendations regarding existing and proposed legislation and regulations relating to agency programs and operations.**
- Keep the agency head and the Congress fully and currently informed of problems in agency programs and operations.**

To ensure objectivity, the IG Act empowers the IG with:

- Independence to determine what reviews to perform.**
- Access to all information necessary for the reviews.**
- Authority to publish findings and recommendations based on the reviews.**

Vision

We strive for continual improvement in SSA's programs, operations and management by proactively seeking new ways to prevent and deter fraud, waste and abuse. We commit to integrity and excellence by supporting an environment that provides a valuable public service while encouraging employee development and retention and fostering diversity and innovation.



SOCIAL SECURITY

MEMORANDUM

Date: April 23, 2007

Refer To:

To: The Commissioner

From: Inspector General

Subject: Supplemental Security Income Payments Mailed to Field Office Addresses
(A-06-06-26140)

OBJECTIVE

Our objective was to determine whether the Social Security Administration (SSA) complied with policies and procedures governing Supplemental Security Income (SSI) payments mailed to Field Office (FO) addresses.

BACKGROUND

The SSI program was designed to assure a minimum level of income for people who are age 65 or over, or who are blind, aged, and/or disabled and who do not have sufficient income and resources to maintain a standard of living at the established Federal minimum income level. SSI payments are financed from the general fund of the United States Treasury (Treasury).¹

On occasion, SSA authorizes recipients to use FO mailing addresses to receive SSI check payments. SSA requires FOs to limit approval to last resort situations, keeping the number of approved cases to a minimum. FOs should approve use of the FO address for recipients who do not reside in a permanent dwelling or do not have a fixed home or mailing address. SSA does not allow use of the FO address solely for security reasons (e.g. to avoid mail theft). When a FO authorizes use of the FO mailing address, the manager must maintain a record of each recipient's check receipt and distribution. SSA policies² provide additional recordkeeping and check handling procedures. As of June 2006, we identified 3,224 SSI recipients who used FOs as their mailing address. We visited eight FOs to assess compliance with SSA procedures. The full Scope and Methodology of our review is provided at Appendix B.

¹ 20 C.F.R. § 416.110.

² POMS, GN 02401.050, *Use of FO Address*.

RESULTS OF REVIEW

In general, SSA had adequate policies and procedures to control the receipt and distribution of SSI checks mailed to FOs; however, we noted instances of noncompliance. For example, FOs did not limit use of the FO mailing address to last resort situations and did not comply with established recordkeeping and check delivery procedures. We found that FO personnel either were not aware of established policies and procedures or they chose to ignore them because they considered them an administrative burden. Consequently, the effectiveness of controls over SSI payments mailed to FOs was diminished.

LAST RESORT SITUATIONS

FOs did not limit SSI recipients' use of FO mailing addresses to last resort situations. SSA policy states that approvals for requests to use FOs as mailing addresses should be kept to a minimum and granted to SSI recipients who do not have a permanent dwelling or fixed mailing address.³ However, managers at all eight FOs visited admitted they provided this service to recipients whether or not the recipients were actually homeless. Managers stated they required some recipients to pick up checks at the FOs as a means to prevent double check negotiations. Managers also allowed this service for recipients who complained of problems with home mail delivery. Managers approved these requests as an accommodation to the recipient populations in their service areas. By not following SSA policy and expanding use of this service beyond "last resort" cases, the FOs are increasing their administrative workload and the risk of errors or misuse.

RECORDKEEPING

FOs did not adequately record or document transactions related to recipient use of FO mailing addresses. Our visits to eight FOs revealed the following noncompliance issues:

- Seven FOs did not have statements from recipients on file to acknowledge the check pick-up arrangement. As a result, it was unclear whether the recipient was aware of or had been informed of SSA's expectations regarding the use of the FO address.
- Six FOs did not enforce the requirement to maintain documentation for 3 years. Instead, these offices destroyed the records after a shorter period of time.
- Four FOs did not maintain a master list of approved cases. Without this list, the FOs could not determine how many SSI checks to expect, verify if all checks were received, or identify unauthorized additions or deletions to the list.

³ POMS, GN 02401.050 A, *Use of FO Address*.

- Two FOs did not properly record the receipt and distribution of checks received at the FO mailing address. One FO had recipients acknowledge check receipt by signing copies of each check. Although the FO kept the signed copies on file, the copies did not record the initials of the SSA disbursing official and did not always indicate the date checks were received in the FO. The other FO used a check control log, but only recorded check information on the log when the recipient picked up the check. Prior to recipient pick up, the FO maintained no record of these checks.

FO personnel stated they were not aware of these requirements.

CHECK DELIVERY

None of the eight FOs returned checks to the Treasury after 7 business days as required. Instead, FOs typically held checks for 30 days or more without returning them to the Treasury. Review of check logs at one FO revealed that a recipient's June, July, and August 2006 SSI payments were held until a FO employee disbursed all three checks to the recipient's representative payee on August 31, 2006. Further, contrary to SSA and Treasury policy, this FO forwarded SSI checks to other servicing FOs, local addresses, and even Post Office boxes. According to FO personnel, they did not return checks to Treasury after 7 business days to avoid the administrative burden of processing the returns and issuing replacement checks. FO personnel who forwarded the SSI checks were not aware this practice was prohibited.

CONCLUSION AND RECOMMENDATIONS

FOs did not comply with policies and procedures governing SSI payments mailed to FO addresses. FOs expanded use of SSA mailing addresses beyond "last resort" cases and did not maintain adequate records of related transactions. Further, FOs did not return timely undelivered checks to Treasury and forwarded checks contrary to SSA and Treasury regulations. FO personnel were not aware of the specific policies and procedures governing this process or believed these procedures were an administrative burden. Keeping the number of approved situations to a minimum and following established recordkeeping and check handling procedures helps ensure transactions are properly approved and SSI payments are effectively safeguarded.

We recommend SSA:

1. Evaluate whether policies concerning the use of FO mailing addresses should be expanded to other circumstances such as double check negotiation prevention or home mail delivery problems.
2. Ensure compliance with policies concerning returning checks to the Treasury after 7 business days, or implement a revised policy consistent with sound management practices.

3. Provide FOs with refresher training on policies and procedures regarding a recipient's use of the FO mailing address.

AGENCY COMMENTS

SSA agreed with our recommendations. See Appendix C for the full text of the Agency's comments.

OIG RESPONSE

We appreciate the comments received from SSA and believe the response and planned actions adequately address our recommendations.

A handwritten signature in black ink, appearing to read "Patrick P. O'Carroll, Jr.", with a stylized flourish at the end.

Patrick P. O'Carroll, Jr.

Appendices

[APPENDIX A](#) – Acronyms

[APPENDIX B](#) – Scope and Methodology

[APPENDIX C](#) – Agency Comments

[APPENDIX D](#) – OIG Contacts and Staff Acknowledgments

Acronyms

C.F.R.	Code of Federal Regulations
FO	Field Office
POMS	Program Operations Manual System
SSA	Social Security Administration
SSI	Supplemental Security Income
SSN	Social Security Number
Treasury	Department of the Treasury

Scope and Methodology

In June 2006, we researched the Supplemental Security Income (SSI) Record System and determined that 3,224 SSI recipients listed Social Security Administration (SSA) Field Office (FO) mailing addresses for pick up of their benefit checks. To ensure geographic dispersion, we identified and visited the FOs with the most recipients using its mailing address in the Dallas, San Francisco, and Chicago Regions. We identified and visited an additional five FOs within these regions that had a high number of recipients using their mailing addresses. These 8 FOs (listed below) are among SSA's top 10 FOs nationwide in terms of the largest number of recipients using their mailing address for pick up of their benefit checks:

- Houston, Texas
- Merced, California
- North Las Vegas, Nevada
- North Sacramento, California
- Van Nuys, California
- Akron, Ohio
- Cleveland Downtown, Ohio
- Cleveland Northwest, Ohio

We also:

- Reviewed applicable laws, regulations and SSA's policies and procedures governing SSI checks mailed to SSA FOs.
- Interviewed FO staff regarding polices and procedures used in establishing, receiving and delivering checks that are mailed to FOs.
- Reviewed available check receipt and distribution documentation for a total of 353 recipients using these FO's mailing addresses.
- Reviewed prior Office of the Inspector General and Government Accountability Office reports, and found none related directly to our objectives.

We conducted field work from June 2006 through November 2006 in the eight FOs and at SSA's Regional Office in Dallas, Texas. The entity audited was the Office of the Deputy Commissioner for Operations. We did not test the general or application controls of SSA systems that generated electronic data used for this audit. Instead, we traced selected transactions to source documents and performed other validation tests, and found the data to be sufficiently reliable to meet our audit objectives. We conducted this audit in accordance with generally accepted government auditing standards.

Agency Comments



SOCIAL SECURITY

MEMORANDUM

Date: March 30, 2007

Refer To: S1J-3

To: Patrick P. O'Carroll, Jr.
Inspector General

From: Larry W. Dye /s/

Subject: Office of the Inspector General (OIG) Draft Report, "Supplemental Security Income Payments Mailed to Field Office Addresses" (A-06-06-26140) -- INFORMATION

We appreciate OIG's efforts in conducting this review. Our comments on the recommendations are attached.

Please let me know if we can be of further assistance. Staff inquiries may be directed to Candace Skurnik, Director, Audit Management and Liaison Staff, on extension 54636.

Attachment

COMMENTS ON THE OFFICE OF THE INSPECTOR GENERAL’S (OIG) DRAFT REPORT, “SUPPLEMENTAL SECURITY INCOME PAYMENTS MAILED TO FIELD OFFICE ADDRESSES” (A-06-06-26140)

Thank you for the opportunity to review and provide comments on this draft report. This report reviewed cases where Supplemental Security Income recipients were using the Field Office (FO) address as their mailing address as of June 2006. Since that time, SSA has taken steps in our security guides and reviews to alert Regional and FO staff of the policies and procedures that have been in place regarding benefit payments being mailed to FO addresses. In July 2006, questions were added to the guide used for regional security reviews that outlined issues regarding control, record maintenance, and retention of logs, security of checks and the timeframe for the return of checks to the Department of the Treasury (Treasury). In October 2006, the annual review guide, used by the Regional Area Directors, and the Onsite Security Control Audit Review guide used by Deloitte and Touche (auditing firm that conducts security reviews at FOs), were revised to include questions related to benefit payments mailed to FOs. Additionally on October 25, 2006, reminders regarding refund, remittance and check processes were included in the Annual Security Reminders (AM-06208) that were released to all Regional Offices and FOs.

Recommendation 1

Evaluate whether polices concerning the use of FO mailing addresses should be expanded to other circumstances such as double check negotiation prevention or home mail delivery problems.

Comment

We agree. We will reevaluate our policy to determine if there is a need to increase the acceptable reasons for which a benefit recipient may utilize the FOs mailing address as his or her current address to obtain benefit payments. If we determine there is a need to change the current policy, we will communicate that change to the FOs through the proper steps. We expect to complete the evaluation by the end of fiscal year (FY) 2007.

Recommendation 2

Ensure compliance with policies concerning returning checks to the Treasury after 7 business days, or implement a revised policy consistent with sound management practices.

Comment

We agree. We will reevaluate our policy to determine if FOs should hold recipients’ checks for more than 7 business days. If, after our evaluation, we determine that we should continue our current policy of returning checks to the Department of Treasury after 7 business days, we will ensure this policy is communicated to FO employees through reminders and training. Of course,

if we decide that we need to change the retention period policy, we will communicate that change to the FOs through the proper steps. We expect to complete the evaluation by the end of FY 2007.

Recommendation 3

Provide FOs with refresher training on policies and procedures regarding a recipient's use of the FO mailing address.

Comment

We agree. Once we have addressed the issues related to recommendations 1 and 2, we will develop and conduct any necessary training or release any needed reminders to the FOs.

OIG Contacts and Staff Acknowledgments

OIG Contacts

Paul Davila, Director, (214) 767-6317

Ron Gunia, Audit Manager, (214) 767-6620

Acknowledgments

In addition to those named above:

Ashley D. Moore, Auditor-in-Charge

Joshua M. Campos, Auditor

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Office of Audit

OA conducts and/or supervises financial and performance audits of the Social Security Administration's (SSA) programs and operations and makes recommendations to ensure program objectives are achieved effectively and efficiently. Financial audits assess whether SSA's financial statements fairly present SSA's financial position, results of operations, and cash flow. Performance audits review the economy, efficiency, and effectiveness of SSA's programs and operations. OA also conducts short-term management and program evaluations and projects on issues of concern to SSA, Congress, and the general public.

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OI conducts and coordinates investigative activity related to fraud, waste, abuse, and mismanagement in SSA programs and operations. This includes wrongdoing by applicants, beneficiaries, contractors, third parties, or SSA employees performing their official duties. This office serves as OIG liaison to the Department of Justice on all matters relating to the investigations of SSA programs and personnel. OI also conducts joint investigations with other Federal, State, and local law enforcement agencies.

Office of the Chief Counsel to the Inspector General

OCCIG provides independent legal advice and counsel to the IG on various matters, including statutes, regulations, legislation, and policy directives. OCCIG also advises the IG on investigative procedures and techniques, as well as on legal implications and conclusions to be drawn from audit and investigative material. Finally, OCCIG administers the Civil Monetary Penalty program.

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