
**OFFICE OF
THE INSPECTOR GENERAL**

SOCIAL SECURITY ADMINISTRATION

**BENEFIT PAYMENTS MAILED
TO POST OFFICE BOXES**

July 2009

A-06-08-18097

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: July 2, 2009

Refer To:

To: The Commissioner

From: Inspector General

Subject: Benefit Payments Mailed to Post Office Boxes (A-06-08-18097)

OBJECTIVE

Our objective was to determine the appropriateness of multiple Old-Age, Survivors and Disability Insurance (OASDI) and/or Supplemental Security Income (SSI) benefit payments mailed to the same Post Office (P.O.) Box.

BACKGROUND

The OASDI program, established under Title II of the *Social Security Act* (Act), provides benefits to wage earners (and their families) who retire or become disabled. The SSI program, established under Title XVI of the Act, provides benefits to financially needy individuals who are aged, blind, or disabled.

In December 2008, about 51 million individuals received OASDI benefits, and 8 million individuals received SSI payments. The Social Security Administration (SSA) issued approximately 49 million of these payments by directly depositing funds into beneficiaries'¹ bank accounts and issued about 10 million payments via paper check.

In April 2005, the Office of the Inspector General (OIG) issued a report on *Individuals Receiving Benefits Under Multiple Social Security Numbers at the Same Address* (A-01-05-25002). That review identified approximately \$9.2 million in overpayments made to 220 beneficiaries who inappropriately received benefits under multiple Social Security numbers (SSN) at the same physical address. For this audit, we identified approximately 1.5 million beneficiaries who, in March 2008, received SSA payments mailed to a P.O. Box address. Through further analysis, we identified 277,682 P.O. Boxes that were used to receive checks mailed to 2 or more numberholders. This audit focused on payments mailed to these 277,682 P.O. Boxes. See Appendix B for additional discussion of our audit Scope and Methodology.

¹ We use the term "beneficiary" throughout this report in reference to both OASDI beneficiaries and SSI recipients.

RESULTS OF REVIEW

In general, multiple benefit payments sent to the same P.O. Box appeared appropriate. We reviewed approximately 1,300 instances where benefit payments were mailed to the same P.O. Box and found the Box was either used (1) by an organizational representative payee or various other organizations (such as a homeless shelter or nursing home)² or (2) to receive payments for multiple entitled members of the same family.

However, during our review, we identified two instances of potential fraud that warranted further investigation. In these cases, SSA made approximately \$111,000 in improper payments to individuals who used multiple SSNs to obtain benefits to which they were not entitled. We referred both cases to our Office of Investigations and provided pertinent payment record information to SSA's Office of Operations.

We also identified a payment computation error that allowed 47 individuals entitled to both OASDI benefits and SSI payments to receive excess SSI payment amounts. Further, we identified two recipients who improperly received two monthly SSI payments as a result of field office staff keying errors. SSA made approximately \$50,000 in improper payments to these 49 individuals through December 2008. Unless corrected, these errors will continue to result in about \$31,000 in improper payments during the next 12 months.

Beneficiaries Overpaid Due to Fraud

Through analysis of instances where SSA mailed multiple payments to the same P.O. Box, we identified 91 cases where it appeared an individual received multiple SSA payments in the same P.O. Box using two or more SSNs. In each of these cases, two or more numberholders using the same P.O. Box shared the same or similar names and dates of birth. Further review indicated that in most of the 91 instances, SSA was aware the individual had two SSNs and was entitled to receive OASDI benefits under one SSN and SSI payments under a second SSN.³ In other instances, it appeared twin siblings used the same P.O. Box to receive benefit checks.

However, in two cases, individuals used multiple SSNs to receive approximately \$111,000 in OASDI and/or SSI payments to which they were not entitled. We referred both cases to the OIG's Office of Investigations.

² Beneficiaries receiving payments at these various organizations did not have the organization as their representative payee. These beneficiaries used the organization's P.O. Box to obtain their payments.

³ SSA cross-referenced the OASDI and SSI payment records to each other, indicating SSA was aware the SSNs belonged to the same individual. We did not determine why these numberholders had two SSNs or why SSA benefits were paid to one individual under two SSNs.

- An individual improperly received two OASDI retirement benefit payments using two different SSNs. Under the first SSN, the individual worked from 1972 until filing for early retirement benefits in April 1995. Under the second SSN, the individual had no reported earnings from 1972 through 1994. However, SSA began receiving wage reports under the second SSN in 1995 and ending in 2007. In January 2004, under the second SSN, the individual filed for and began receiving retirement benefit payments. Through review of SSA's records, we determined that both SSNs belonged to the same individual. Both SSNs were assigned under the same first name, date of birth and country of birth. At the time of this audit, SSA was mailing both checks to the same P.O. Box. In December 2008, SSA terminated the retirement benefits paid under the second SSN and determined the individual was overpaid \$36,085 under that SSN. In addition, the individual appears to have been overpaid another \$6,920 under the first SSN as the result of concealed wages.
- An individual inappropriately received both OASDI retirement and survivors benefits using two SSNs. In May 1976, the individual's ex-husband died. In 1999, she filed for and began receiving survivors benefits as the aged widow of the deceased ex-husband. However, this individual used a second SSN to conceal the fact she remarried in May 1977. In April 2007, she used the second SSN to obtain auxiliary retirement benefits under the new husband's earnings record. Our review of SSA's records indicated both SSNs belonged to the same individual. Although SSA's records indicated the beneficiaries were born in different Arkansas towns, they shared identical first and middle names and dates of birth, and they used the same P.O. Box to receive both checks. Had SSA known the beneficiary was married when she filed for survivors benefits in 1999, the Agency would have denied the claim.⁴ Therefore, approximately \$68,000 in survivors benefits paid to this individual was questionable. During an interview with an OIG criminal investigator, the individual admitted she used two separate identities to obtain SSA benefits to which she was not entitled. The Office of Investigations intends to pursue a criminal conviction in this case.

Once the Office of Investigations referred its findings to SSA, the Office of Operations took immediate action to terminate the improper payments and establish overpayments against both beneficiaries.

Concurrent Beneficiaries Paid Under Two SSNs Received Excess SSI Payments

Concurrent beneficiaries are individuals who are entitled to receive both OASDI and SSI benefits. Generally, SSA reduces or offsets an individual's SSI payment by the amount of OASDI benefits received, less a \$20 exclusion. When OASDI benefits are increased because of a Cost of Living Adjustment (COLA), concurrent beneficiaries should see a corresponding decrease in their SSI payments.

⁴ SSA, Program Operations Manual System RS 00207.003 *How Marriage Affects Widow(er)'s Benefits*.

During our review of 91 cases where it appeared an individual received multiple SSA payments at the same P.O. Box using two or more SSNs, we identified 47 instances where SSA offset individuals' SSI payments using OASDI benefit amounts that were not adjusted to reflect COLA increases. In each case, the individuals received OASDI benefits under one SSN and SSI payments under a different SSN. Use of understated OASDI benefit amounts in the offset calculation resulted in excess SSI payments to these individuals.

For example, one individual's SSI payment was reduced to reflect receipt of \$421 in OASDI benefits. However, further review revealed the \$421 amount used to calculate the 2009 SSI payment had not been adjusted to reflect COLA increases paid to the individual since January 2005. The SSI payment amount should have been offset by the \$489 in OASDI benefits actually paid to this individual in 2009. As a result, since 2006, SSA had issued her approximately \$1,000 in SSI payments to which she was not entitled and will continue to overpay her at least \$68 every month until this error is corrected.

An SSA representative informed us this error was due to a systems interface problem that is known to occur when individuals receive both OASDI and SSI under more than one SSN. Since 2006, monthly overpayments to the 47 individuals ranged between \$2 and \$97. Through December 2008, these overpayments totaled about \$41,000. Left uncorrected, the payment errors on these records will continue to result in approximately \$31,000 in improper payments each year.⁵ We provided SSA Operations staff with the SSNs of these 47 individuals and requested they correct the errors.⁶

Beneficiaries Overpaid Because of Keying Errors

Our review identified two individuals who each received additional, erroneous SSI payments under another individual's SSN. In both cases, the second SSN was identical except for one digit. According to an SSA Headquarters representative, these improper payments appeared to be caused by keying errors when the individuals' claim information (for example SSN, address, benefit start date) were input into two separate payment records. In both cases, the SSNs used on the erroneous payment records belonged to other individuals who were not entitled to receive SSA payments. Apparently, SSA staff reprocessed the claims using the beneficiary's correct SSN. However, it appears SSA staff did not take action to terminate the erroneous claim initiated under the incorrect SSNs. Therefore, the claimants received SSI payments under two different records. During our review, SSA field office staff terminated one erroneous payment record and suspended the other. SSA overpaid these individuals \$9,160 through December 2008.

⁵ The future savings is the amount SSA will save once the unearned income amount is corrected on the beneficiaries' SSI records. Savings were calculated by taking the 2009 Monthly Benefit Credited minus the unearned income amount on the SSI and multiplying by 12 months.

⁶ We plan to initiate a separate review to determine the full extent of this systems error.

CONCLUSION AND RECOMMENDATION

In approximately 1,300 instances reviewed where SSA sent multiple benefit payments to the same P.O. Box, we found that the payments appeared appropriate. However, during our review, we identified erroneous and—in two cases—potentially fraudulent OASDI and/or SSI payments that resulted in approximately \$161,000 in improper payments and will result in about \$31,000 in additional questionable payments over the next 12 months if action is not taken to address these discrepancies. During the audit, SSA took action to address most of our audit findings.

We recommend that SSA correct the 47 beneficiaries' records we identified with incorrect OASDI unearned income amounts on their SSI records.

AGENCY COMMENTS

SSA agreed with our recommendation. The Agency's comments are included in Appendix C.

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

Act	<i>Social Security Act</i>
COLA	Cost of Living Adjustment
OASDI	Old-Age, Survivors and Disability Insurance
OIG	Office of the Inspector General
P.O.	Post Office
SSA	Social Security Administration
SSI	Supplemental Security Income
SSN	Social Security Number

Scope and Methodology

To accomplish our objective, we:

- Reviewed applicable sections of the *Social Security Act* and Social Security Administration (SSA) regulations, rules, policies, and procedures.
- Reviewed an April 2005 Office of the Inspector General report, *Individuals Receiving Benefits Under Multiple Social Security Numbers at the Same Address* (A-01-05-25002).
- Obtained a file of Master Beneficiary Records for all primary and auxiliary beneficiaries and Supplemental Security Records for all Supplemental Security Income recipients who received payments in March 2008 at a Post Office (P.O.) Box address. Further analysis of this file identified all instances in which more than 1 benefit payment was sent to the same P.O. Box - a total of 697,305 benefit payments sent to 277,682 P.O. Boxes.
- We sorted the 277,682 P.O. Box addresses in descending order based on the number of monthly checks SSA mailed to each. We analyzed payment records associated with the 50 P.O. Boxes receiving the most benefit checks that did not appear to belong to an organizational representative payee. We reviewed activity in the first 1,168 P.O. Box addresses before we identified 50 addresses that did not appear to belong to an organizational representative payee.¹
- Identified 91 P.O. Boxes that received multiple checks to individuals with the same first name and date of birth, but different Social Security numbers (SSN). We then reviewed payments sent to 91 P.O. Boxes that met our criteria.
- In addition to the 91 P.O. Boxes mentioned above, we identified P.O. Boxes that received multiple checks on behalf of individuals with the same date of birth, but different SSNs. In total, 1,527 P.O. Boxes receiving 3,077 payments met our criteria. We then reviewed payments sent to the 50 P.O. Boxes with the highest number of these occurrences. Specifically, we reviewed payments to 21 P.O. Boxes that received 3 or more monthly payments and 29 randomly selected P.O. Boxes that received 2 monthly payments.

¹ We reviewed SSA's Representative Payee System to determine whether a P.O. Box belonged to an organizational representative payee.

- Obtained the beneficiary's Numident record² for each payment reviewed to determine whether the SSNs belonged to the same person or different individuals, such as twins with similar names. We also reviewed each individual's Master Beneficiary and Supplemental Security Records. In addition, in some instances where payments appeared questionable, we reviewed the beneficiary's earnings records, and information made available to us from Lexis/Nexis and the Internet.
- Obtained feedback from SSA regarding our findings and referred instances of possible fraud to the Office of the Inspector General's Office of Investigations.
- Quantified the amount of prior overpayments and future savings.

We conducted our audit between June 2008 and January 2009 in Dallas, Texas. The entities audited were the field offices and program service centers under the Deputy Commissioner for Operations, the Offices of Retirement and Survivors Insurance Systems, Disability Systems and Applications and Supplemental Security Income Systems under the Deputy Commissioner for Systems. We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

² The Numident Master File houses, in SSN order, the identifying information for each numberholder.

Agency Comments



SOCIAL SECURITY

MEMORANDUM

Date: June 19, 2009

Refer To: S1J-3

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

From: James A. Winn //s//
Chief of Staff

Subject: Office of the Inspector General (OIG) Draft Report, "Benefit Payments Mailed to Post Office Boxes" (A-06-08-18097)--INFORMATION

Thank you for the opportunity to review and comment on the draft report. We appreciate OIG's efforts in conducting this review. Attached is our response to the report findings and recommendation.

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

Attachment:
SSA Response

COMMENTS ON THE OFFICE OF THE INSPECTOR GENERAL (OIG) DRAFT REPORT, "BENEFIT PAYMENTS MAILED TO POST OFFICE BOXES" (A-06-08-18097)

We reviewed the subject report and agree with the findings and the recommendation. It is our goal to make accurate and timely payments. While we are concerned with any errors uncovered, we were pleased to see that this audit only found 49 improper payments out of 697,305; less than one hundredth of one percent of the cases.

Below is our response to the specific recommendation.

Recommendation 1

SSA should correct the 47 beneficiaries' records identified with incorrect Old-Age, Survivors and Disability Insurance unearned income amounts on their Supplemental Security Income records.

Comment

We agree. We have corrected the records and assessed overpayments for the 47 cases that were improperly paid.

OIG Contacts and Staff Acknowledgments

OIG Contacts

Ron Gunia, Director, Dallas Audit Division

Jason Arrington, Audit Manager

Acknowledgments

In addition to those named above:

Wanda Renteria, Auditor

For additional copies of this report, please visit our web site at www.ssa.gov/oig or contact the Office of the Inspector General's Public Affairs Staff Assistant at (410) 965-4518. Refer to Common Identification Number A-06-08-18097.

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Office of Audit

OA conducts 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 reviews and program evaluations on issues of concern to SSA, Congress, and the general public.

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OCIG provides independent legal advice and counsel to the IG on various matters, including statutes, regulations, legislation, and policy directives. OCIG 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. Also, OCIG administers the Civil Monetary Penalty program.

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