
**OFFICE OF
THE INSPECTOR GENERAL**

SOCIAL SECURITY ADMINISTRATION

**INDIVIDUALS RECEIVING
SOCIAL SECURITY CARDS AFTER
BENEFITS HAVE BEEN SUSPENDED**

March 2010

A-09-09-29004

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:

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- 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.

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- Access to all information necessary for the reviews.
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SOCIAL SECURITY

MEMORANDUM

Date: March 26, 2010

Refer To:

To: The Commissioner

From: Inspector General

Subject: Individuals Receiving Social Security Cards After Benefits Have Been Suspended (A-09-09-29004)

OBJECTIVE

Our objective was to determine whether address information obtained when individuals apply for replacement Social Security cards was used to resolve prior beneficiary suspensions for address or whereabouts unknown.

BACKGROUND

The Social Security Administration (SSA) administers the Old-Age, Survivors and Disability Insurance program under Title II of the *Social Security Act*. This program provides monthly benefits to retired and disabled workers, including their dependents and survivors.¹

SSA may suspend benefits when it receives a report that a beneficiary's whereabouts are unknown or if benefit checks have been returned undeliverable. When this occurs, the field office must attempt to locate the beneficiary. When the beneficiary is located, benefits are usually reinstated. To avoid duplication of effort, the field office must document its actions to locate beneficiaries whose benefits were suspended or terminated because their addresses or whereabouts were unknown.²

The minimum requirements for obtaining a replacement Social Security card include the applicant's full name, date of birth, and complete address.³

¹ The *Social Security Act* § 201 *et seq.*, 42 U.S.C. § 401 *et seq.*

² SSA, Program Operations Manual System (POMS), SM 03005.140.A, GN 02602.320, and DI 13015.005.B.

³ SSA, POMS, RM 00202.001.A and E.1.

SSA's field offices and card centers are responsible for processing applications for Social Security numbers, including requests for replacement cards. In 2004, SSA developed the Customer Service Record (CSR) to provide consolidated information for SSA's direct contact employees. The CSR includes information from SSA's Master Beneficiary Record (MBR).⁴

We identified 6,477 Title II beneficiaries whose benefits were suspended because their addresses or whereabouts were unknown between January 2000 and April 2008 and who subsequently applied for a replacement Social Security card (see Appendix B).

RESULTS OF REVIEW

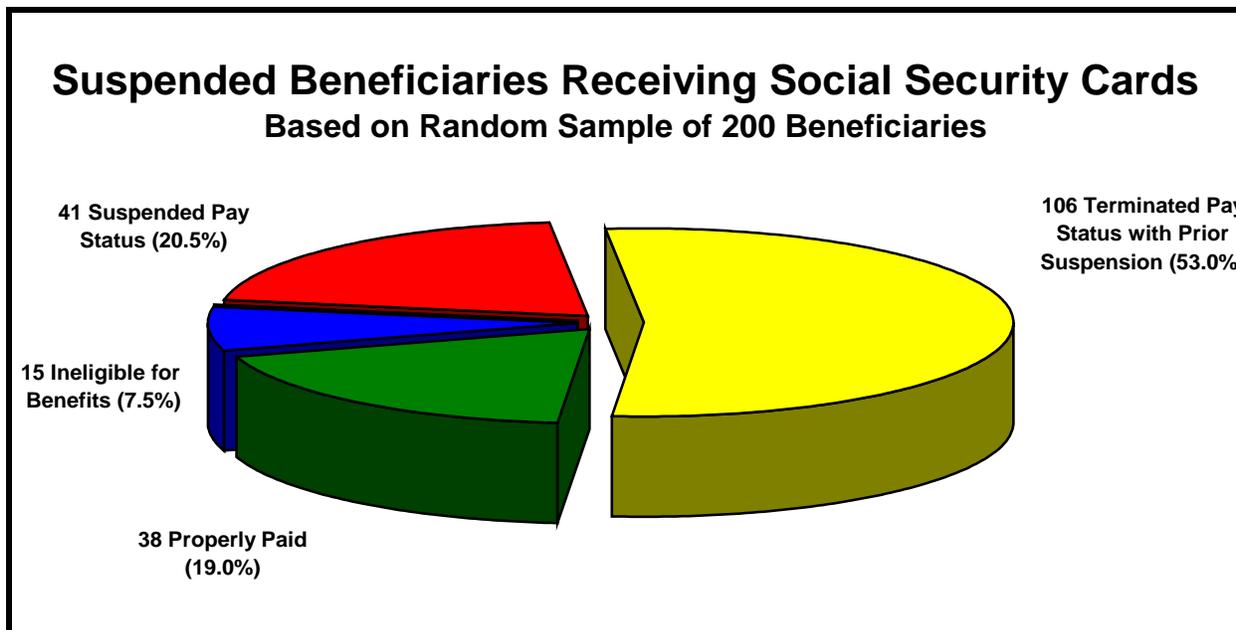
We determined that address information obtained when individuals applied for replacement Social Security cards should have been used to resolve prior beneficiary suspensions for address or whereabouts unknown. Based on a random sample of 200 beneficiaries, we found that SSA could have resolved the whereabouts of approximately 4,761 Title II beneficiaries who applied for replacement Social Security cards. As a result, about \$22.7 million in benefits remained in suspense for address or whereabouts unknown for these beneficiaries (see Appendix C).

This occurred because SSA employees did not identify and resolve the suspended benefits when processing requests for replacement Social Security cards.

BENEFITS SUSPENDED FOR ADDRESS OR WHEREABOUTS UNKNOWN

Of the 200 beneficiaries in our sample, we found that SSA did not properly resolve 147 (73.5 percent) beneficiary suspensions. For the remaining 53 beneficiaries, SSA paid 38 the withheld benefits, and 15 were ineligible for the withheld benefits. Of the 147 unresolved beneficiary suspensions, 41 were suspended for address or whereabouts unknown, and 106 were terminated with a prior suspension when they applied for a replacement Social Security card. Since the beneficiaries were required to provide evidence of identity and a correct, complete address, SSA should have resolved the prior suspensions and determined whether \$700,052 in withheld benefits were payable to these beneficiaries. Our sample results are summarized below.

⁴ SSA, POMS, SM 01605.001.



Beneficiaries in Suspended Pay Status

Our review disclosed that 41 of the 147 beneficiaries were in suspended pay status for address or whereabouts unknown when they applied for a replacement Social Security card. When the beneficiaries applied for their replacement Social Security card, SSA employees did not properly resolve their suspensions even though the CSR disclosed that benefits were suspended for address or whereabouts unknown. As a result, \$425,123 in benefits remained in suspense for these beneficiaries.

SSA's field offices and processing centers may suspend benefits if they determine a beneficiary's address or whereabouts should be verified.⁵ Efforts to locate a beneficiary should be documented in the beneficiary's file or recorded in the special message field on the MBR.⁶ An alert for "address development" and "whereabouts unknown" is generated after 60 days of suspension. A follow-up alert is generated 6 months after the initial alert for an address development, and a follow-up alert is generated 12 months after the initial alert for whereabouts unknown.⁷

⁵ SSA, POMS, SM 03020.080.A and B.

⁶ SSA, POMS, GN 02602.320 and DI 13015.005.B.

⁷ SSA, POMS, SM 00619.085 and SM 00619.090.

SSA employees generally obtain a CSR when an applicant visits a field office or card center to apply for a replacement Social Security card. The CSR provides information from SSA's databases, including the beneficiary's payment status.⁸ Although, the CSR displayed whether the beneficiary is in current, suspended, or terminated pay status, SSA employees did not always review the CSR to identify and resolve prior suspensions for address or whereabouts unknown when beneficiaries applied for a replacement Social Security card. According to SSA employees, the field office or card center should have reviewed the CSR and, when benefits were suspended for address or whereabouts unknown, updated the MBR and determined whether benefits were payable.

For example, a child beneficiary became entitled to auxiliary benefits in December 1995. In November 2002, SSA suspended benefits for whereabouts unknown. The beneficiary applied for a replacement Social Security card in March 2003. During the office visit, SSA employees should have reviewed the CSR and noted the suspended benefits on the MBR, updated the address information, and determined whether the benefits were due. However, the beneficiary was still in suspended pay status as of June 2009. As a result, \$9,869 in benefits remained in suspense for whereabouts unknown.

Beneficiaries in Terminated Pay Status

Our review disclosed that 106 of the 147 beneficiaries were in terminated pay status with a prior suspension for address or whereabouts unknown when they applied for a replacement Social Security card. We found that SSA employees did not identify the suspended benefits when processing requests for replacement Social Security cards. As a result, \$274,929 in benefits remained in suspense for these beneficiaries.

The CSR displays only the most recent payment status of the beneficiary. Therefore, when benefits are terminated, prior suspension information is not readily available to SSA employees unless they review the MBR.

For example, a child beneficiary became entitled to auxiliary benefits in May 1987. In February 2000, the child's benefits were suspended for address development. SSA terminated benefits in September 2002 because the child attained age 18. In March 2003, the beneficiary applied for a replacement Social Security card. However, SSA employees were unaware that \$24,403 in suspended benefits remained on beneficiary's payment record. Since the CSR did not display any information about the prior suspension, SSA employees were unable to readily determine whether the beneficiary was entitled to the suspended benefits.

⁸ SSA, POMS, SM 01605.001.B.

When applicants submit a request for a replacement Social Security card, SSA employees are not required to review the applicant's payment history. Such a review would enable SSA employees to identify terminated beneficiaries with suspended benefits remaining on their payment record.

CONCLUSION AND RECOMMENDATIONS

We determined the address information obtained when individuals applied for replacement Social Security cards should have been used to resolve prior beneficiary suspensions for address or whereabouts unknown. Based on a random sample of 200 beneficiaries, we found that SSA could have resolved the whereabouts of approximately 4,761 Title II beneficiaries who had applied for replacement Social Security cards. As a result, about \$22.7 million in benefits remained in suspense for address or whereabouts unknown (see Appendix C). This occurred because SSA employees did not identify and resolve the suspended benefits when processing requests for replacement Social Security cards. Therefore, we recommend that SSA:

1. Take corrective action to resolve the beneficiary suspensions and pay any benefits due the 147 beneficiaries identified by our audit.
2. Identify and take corrective action on the population of beneficiaries whose benefits were suspended because their addresses or whereabouts were unknown and who subsequently applied for a replacement Social Security card.
3. Improve controls to ensure beneficiaries who provide a correct, complete address when they apply for a replacement Social Security card are paid benefits that were previously suspended because their addresses or whereabouts were unknown.

AGENCY COMMENTS

SSA agreed with two of our three recommendations. SSA did not agree with recommendation 2 because of its limited field office workload resources. SSA also stated that beneficiaries are responsible for reporting events that affect their entitlement to benefits.

The Agency's comments are included in Appendix D.

OIG RESPONSE

SSA agreed to take corrective action on the 147 beneficiaries identified by our audit, but not on the 4,761 beneficiaries in our population. We believe such treatment is inconsistent and results in benefits being withheld to eligible beneficiaries. Although we recognize the workload constraints faced by SSA, the additional work is, on average, fewer than 4 beneficiaries per field office. Therefore, we encourage SSA to reevaluate its position and take corrective action on the population of beneficiaries whose benefits were suspended because their addresses or whereabouts were unknown and who subsequently applied for a replacement Social Security card.

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 – Sampling Methodology and Results

APPENDIX D – Agency Comments

APPENDIX E – OIG Contacts and Staff Acknowledgments

Acronyms

CSR	Customer Service Record
MBR	Master Beneficiary Record
POMS	Program Operations Manual System
SSA	Social Security Administration

Scope and Methodology

We obtained a data extract from the Social Security Administration's (SSA) Master Beneficiary Record (MBR). The extract consisted of 6,477 Title II beneficiaries whose benefits were suspended because their address or whereabouts were unknown between January 2000 and April 2008 and who subsequently applied for a replacement Social Security card.

To accomplish our objective, we

- reviewed the applicable sections of the *Social Security Act* and SSA's Program Operations Manual System;
- interviewed SSA employees at the Sacramento Social Security Card Center and Santa Rosa and Walnut Creek, California, SSA Field Offices;
- reviewed a random sample of 200 beneficiaries; and
- obtained queries from SSA's MBR and Numident.

We determined the computer-processed data from the MBR were sufficiently reliable for our intended use. We conducted tests to determine the completeness and accuracy of the data. These tests allowed us to assess the reliability of the data and achieve our audit objective.

We performed audit work in Richmond, California, and Baltimore, Maryland, between September and December 2009. The entities reviewed were SSA's field offices under the Deputy Commissioner for Operations.

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.

Sampling Methodology and Results

From the Social Security Administration’s (SSA) Master Beneficiary Record, we identified a population of 6,477 Title II beneficiaries whose benefits were suspended for address or whereabouts unknown and subsequently applied for a replacement Social Security card between January 2000 and April 2008. We randomly selected a sample of 200 beneficiaries and reviewed their payment records to determine the date of benefit suspension; date they applied for a replacement Social Security card; and, when applicable, date and reason for termination of benefits.

Based on a random sample of 200 beneficiaries, we found that SSA should have resolved the whereabouts of 147 beneficiaries who applied for replacement Social Security cards. As of June 2009, \$700,052 in benefits was in suspense for these beneficiaries. Projecting these results to our population, we estimate about \$22.7 million in benefits remained in suspense for address or whereabouts unknown for 4,761 beneficiaries. The following tables provide the details of our sample results and statistical projections.

Table 1 – Population and Sample Size

Description	Number of Records
Population Size	6,477
Sample Size	200

Table 2 – Statistical Projections

Description	Number of Records	Suspended Benefits
Sample Results	147	\$700,052
Point Estimate	4,761	\$22,671,168
Projection - Lower Limit	4,402	\$16,375,419
Projection - Upper Limit	5,085	\$28,966,916

Note: All statistical projections are at the 90-percent confidence level.

Agency Comments



SOCIAL SECURITY

MEMORANDUM

Date: March 22, 2010

Refer To: S1J-3

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

From: James A. Winn /s/
Executive Counselor
to the Commissioner

Subject: Office of the Inspector General (OIG) Draft Report, "Individuals Receiving Social Security Cards After Benefits Have Been Suspended" (A-09-09-29004)--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 recommendations.

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

COMMENTS ON THE OFFICE OF THE INSPECTOR GENERAL (OIG) DRAFT REPORT, INDIVIDUALS RECEIVING SOCIAL SECURITY CARDS AFTER BENEFITS HAVE BEEN SUSPENDED’ (A-09-09-29004)

Thank you for the opportunity to review and comment on the draft report. We agree that using suspense status information from the Customer Service Record (CSR) will assist in determining if we need to take additional actions on benefit records when taking an application for a Social Security replacement card. The report should note that CSR data was not available in the Visitor Intake Process (VIP) for interviewers until 2004. Since the analysis goes back to 2002, some of the cases identified should not be included in the report (e.g., the beneficiary described in the last full paragraph on page 4) because the field office interviewer did not have access to the CSR data and was not aware of the suspension status. In addition, if a beneficiary is currently in a terminated status, the CSR query will not show prior periods of suspension due to address issues. The report should clarify this point and the lack of access to the CSR prior to 2004.

Below are our responses to the specific recommendations.

Recommendation 1

Take corrective action to resolve the beneficiary suspensions and pay any benefits due the 147 beneficiaries identified by our audit.

Comment

We agree. We will review the 147 cases and take corrective action to resolve the beneficiary suspensions and pay any benefits due by October 2010.

Recommendation 2

Identify and take corrective action on the population of beneficiaries whose benefits were suspended because their addresses or whereabouts were unknown and who subsequently applied for a replacement Social Security card.

Comment

We disagree. Beneficiaries are responsible for reporting events that affect their entitlement to benefits. Due to our limited field office workload resources, we do not plan to review the total population of beneficiaries, identified in this audit, whose benefits were suspended because their addresses or whereabouts were unknown and who subsequently applied for a replacement Social Security card.

Recommendation 3

Improve controls to ensure beneficiaries who provide a correct, complete address when they apply for a replacement Social Security card are paid benefits that were previously suspended because their addresses or whereabouts were unknown.

Comment

We agree. By June 2010, we will issue a reminder to staff to follow current procedures and take appropriate action on cases where beneficiaries provide a complete address when they apply for a replacement Social Security Card and the most recent payment status in CSR/VIP shows suspension due to addresses or whereabouts unknown. The reminder will also alert cases where suspensions are due to representative payee issues.

However, while a person must provide a complete address when completing the application for a Social Security card, we make no determination if the address is correct.

OIG Contacts and Staff Acknowledgments

OIG Contacts

James J. Klein, Director, San Francisco Audit Division

Jack H. Trudel, Audit Manager

Acknowledgments

In addition to those named above:

Daniel Hoy, Senior Auditor

For additional copies of this report, please visit our web site at www.socialsecurity.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-09-09-29004.

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