

Supplemental Security Income Recipients Who Had Not Cashed Their Checks Within 1 Year

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Office of Audit Report Summary

Objective

To determine whether the Social Security Administration (SSA) took appropriate action when Supplemental Security Income (SSI) recipients had not cashed their checks within 1 year.

Background

The SSI program provides a minimum level of income to financially needy individuals who are aged, blind, or disabled.

SSI recipients can cash checks issued after September 30, 1989 up to 1 year after their issue date. The Department of the Treasury (Treasury) will return to SSA any funds from checks that are not cashed within 1 year in the form of a credit in the 15th month after its issuance.

SSA records the receipt of the credit, generates an alert to the field office, and sets a diary. Field office employees are required to contact the recipient or representative payee to determine why they did not cash the check and take the appropriate action needed to resolve the issue (reissue the check if needed, clear the alert and diary, and update the SSI record).

Our Findings

SSA needs to ensure it takes appropriate action to reissue payments to eligible recipients who had not cashed their checks. In addition, we found that SSA established overpayments for some recipients who had uncashed checks. Based on our random sample, we estimate that SSA

- did not resolve and reissue \$30.7 million in uncashed checks payable to 43,161 recipients and
- should have removed \$11.1 million in overpayments for uncashed checks issued to 21,581 recipients.

For the 100 recipients in our sample, we found no evidence that SSA employees attempted to contact 87 recipients or their representative payees after it received the initial uncashed check alerts. In addition, we found that (1) SSA employees improperly cleared diaries, (2) the SSI Diary Control program did not track all recipients with uncashed checks, and (3) SSA employees did not take corrective action to remove overpayments when Treasury informed them that recipients had not cashed their checks.

Our Recommendations

We recommend that SSA:

1. Take corrective action to resolve and, if appropriate, reissue payments to the 87 recipients we identified.
2. Evaluate the results of its corrective action for the 87 recipients and determine whether it should develop a cost-effective method to address the remaining population of 74,316 recipients with uncashed checks.
3. Determine whether it should revise the SSI Diary Control program to track recipients who have uncashed checks on terminated SSI records.
4. Remind employees of the policy to resolve uncashed checks before they clear pending diaries.

SSA agreed with Recommendations 1, 2, and 3 but disagreed with Recommendation 4.