
**OFFICE OF
THE INSPECTOR GENERAL**

SOCIAL SECURITY ADMINISTRATION

**CONTROLS OVER OLD-AGE, SURVIVORS
AND DISABILITY INSURANCE REPLACEMENT
CHECKS FOR BENEFICIARIES WHO DOUBLE
NEGOTIATED BENEFIT CHECKS**

July 2012

A-02-10-10127

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.

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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.**
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- 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.**
- Authority to publish findings and recommendations based on the reviews.**

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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 18, 2012

Refer To:

To: The Commissioner

From: Inspector General

Subject: Controls over Old-Age, Survivors and Disability Insurance Replacement Checks for Beneficiaries Who Double Negotiated Benefit Checks (A-02-10-10127)

OBJECTIVE

Our objective was to determine the effectiveness of the Social Security Administration's (SSA) efforts to (1) prevent double check negotiations (DCN) and (2) identify and recover related overpayments.

BACKGROUND

When an individual reports he/she did not receive his/her Old-Age, Survivors and Disability Insurance (OASDI) check, SSA can issue a courtesy replacement check before the Department of the Treasury (Treasury) determines the status of the original check. If information is available to indicate a beneficiary abused the replacement check process within the prior 24 months, SSA may choose to direct Treasury to investigate the status of the original check before issuing a replacement.¹

A DCN occurs when an individual cashes the original and replacement checks for the same benefit month that results in an overpayment and the individual's signature was not forged on the checks.² SSA requires a DCN investigation to determine whether the individual actually cashed both checks (SSA calls this a true DCN) or if forgery by an unauthorized individual was involved.³ SSA's Recovery of Overpayments, Accounting and Reporting (ROAR) system tracks overpayments related to DCNs for recovery.

¹ SSA, POMS, GN 02406.150.A. (April 1, 2008).

² SSA, POMS, GN 02406.300.A. (June 17, 2009).

³ SSA, POMS, GN 02406.310.A. (June 17, 2009).

In a May 2006 audit,⁴ we looked at DCNs from October 2001 through May 2004. We found that controls over the OASDI replacement check process were not preventing SSA from improperly recording DCNs and ensuring SSA recovered the correct amount of overpayments related to DCNs. In that report, we highlighted steps SSA could take to help prevent and recover DCN overpayments.⁵

For our current audit, we used two sources of data to complete two separate analyses. First, we determined whether SSA determined the status of replacement checks once Treasury reported to SSA that the original benefit checks were cashed. To do this, we obtained 88,370 records from 1 Payment History Update System (PHUS)⁶ segment representing beneficiaries who received replacement checks from January 2005 through May 2011 before SSA determined the status of the original check. From this population, we identified 733 cashed original checks for which SSA did not determine the status of the replacement check. We reviewed a sample of 50 of these cases.

Second, we determined whether SSA posted overpayments in all cases when an individual cashed both an original and replacement benefit check. For this analysis, we identified 25,430 ROAR records from 1 segment of the Master Beneficiary Record (MBR)⁷ with a DCN that occurred from January 2005 through May 2011. The DCNs totaled \$19.9 million in payments. We compared the selected PHUS records to the ROAR records and identified 143 records that showed an individual cashed both the original and replacement checks, but SSA did not post a DCN overpayment to each individual's ROAR. We reviewed a sample of 50 of these cases. See Appendix B for a full description of our scope and methodology.

RESULTS OF REVIEW

SSA had taken actions to decrease the number of OASDI DCNs since we conducted our last audit. For example, SSA developed program messages and memorandums, additional training programs for its staff, and a Web-based tool to help identify DCNs. In Fiscal Year (FY) 2012, SSA also implemented a system enhancement that automatically places a stop payment on replacement checks when Treasury reports to SSA an individual cashed an original check.⁸ Before this system enhancement, SSA

⁴ SSA OIG, *Controls over Old-Age, Survivors and Disability Insurance Replacement Checks* (A-02-05-15080), May 2006, page 2.

⁵ We also released a report, *Supplemental Security Income Double Check Negotiations*, (A-06-10-20144), January 2011, page 4.

⁶ One segment of the PHUS represents 5 percent of the total population of MBR beneficiaries.

⁷ One segment of the MBR represents 5 percent of the total population of MBR beneficiaries.

⁸ SSA and Treasury implemented the enhancement in December 2011 and first conducted a pilot at SSA's Processing Center in New York. SSA released the enhancement nationwide in February 2012.

staff manually initiated a stop payment on the replacement check when Treasury reported the individual cashed the original check.

SSA's efforts corresponded with a decrease in the number of DCNs. In addition, in most cases, SSA recovered from beneficiaries the DCN-related overpayments posted to ROAR.

In 2011, Treasury began an initiative to greatly reduce the use of paper checks for all Federal benefit payments by March 2013, including Social Security benefit payments.⁹ In 2013, Treasury will direct deposit Social Security benefit payments into beneficiaries' bank accounts or to Direct Express debit cards.¹⁰ This regulatory change should substantially reduce, if not practically eliminate, DCNs in the future.

While we anticipate this initiative will substantially reduce DCNs starting in 2013, SSA has DCN-related overpayments on record it can recover, and the Agency could do more to identify additional overpayments. For example, SSA did not always stop the payment of replacement checks when Treasury reported an individual cashed the original check. In these cases, SSA had the opportunity to identify DCN-related overpayments, but it did not do so. Additionally, SSA did not post all DCN overpayments to ROAR for recovery even though Treasury reported to SSA the individual cashed both the original and replacement checks. In these cases, SSA did not attempt to recover the DCN-related overpayments because the overpayment did not appear in ROAR, which records and tracks overpayment recovery efforts.

SSA's ACTIONS

Since our 2006 DCN audit, SSA developed program messages and memorandums, additional training programs, and a Web-based tool, called DCN Wiz, to assist staff in identifying DCNs. In December 2011, SSA released an automated enhancement that placed an automatic stop payment on a replacement check when Treasury indicated an individual cashed the original check. Previously, an employee had to initiate the stop payment on a replacement check. We believe SSA's new automated improvement will further decrease DCNs over time because it eliminates the need for staff to activate the stop payment.¹¹

TREASURY'S ACTIONS

In April 2010, Treasury announced an initiative to eliminate the use of paper checks for benefit payments. By March 1, 2013, Treasury will direct deposit all Social Security

⁹ Treasury Department News Release, *Treasury Goes Green – Saves Green*, TDNR TG-644, April 19, 2010, <http://www.treasury.gov/press-center/press-releases/Pages/tg644.aspx> .

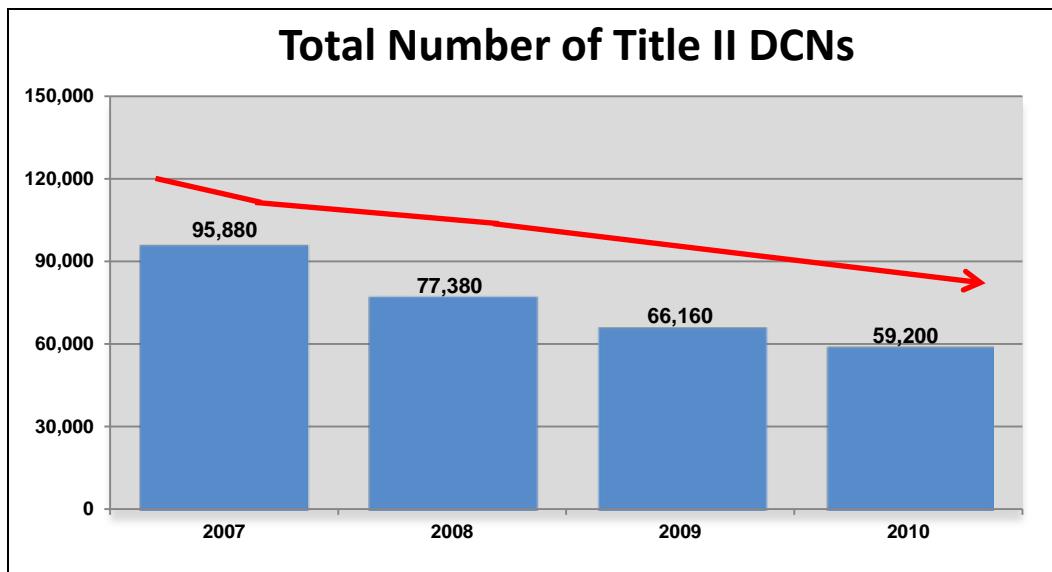
¹⁰ There are limited exceptions to this rule.

¹¹ SSA and Treasury implemented the enhancement in December 2011 and first conducted a pilot at SSA's Processing Center in New York. SSA released the enhancement nationwide in February 2012.

benefit payments into beneficiaries' bank accounts or to Direct Express debit cards.¹² There are limited exceptions to this rule, but we believe implementation of this initiative will substantially reduce the possibility of lost or stolen paper checks, which will prevent future DCNs.¹³

NUMBER OF TITLE II DCNs POSTED TO ROAR

The number of Title II DCNs posted to ROAR has decreased since 2007. We estimate SSA posted 95,880 DCNs to ROAR in FY 2007 and 77,380 DCNs in FY 2008.¹⁴ This represents a 19-percent decrease from 1 year to the next. DCNs decreased an additional 10.5 percent from FY 2009 to FY 2010.



The same trend of a decrease in the number of DCNs continued into FY 2011. From January to May 31, 2011, we estimate there were 24,560 DCNs posted to ROAR, which was a decrease of 7.3 percent when compared to the same period in FY 2010.

¹² The Direct Express Debit MasterCard is a Treasury-sponsored prepaid debit card made available to Social Security beneficiaries and Supplemental Security Income recipients.

¹³ Treasury Department News Release Treasury Goes Green – Saves Green, TDNR TG-644, April 19, 2010, <http://www.treasury.gov/press-center/press-releases/Pages/tg644.aspx>.

¹⁴ SSA divides the MBR into 20 segments for processing and updating. SSA determines the segments by the last two digits of the Social Security number. Each segment represents 5 percent of all records. We randomly selected segment 2 and received data from that segment. We multiplied the number of overpayments in the segment we reviewed by 20 to estimate the number of overpayments in the entire population.

DCN OVERPAYMENTS

SSA recovered the majority of overpayments caused by DCNs. The Agency took other actions to clear the overpayments from beneficiaries' records. From January 1, 2005 to May 31, 2011, SSA recovered, reduced, or waived 22,922 (90 percent) of the 25,430 DCN overpayments posted to 1 segment of ROAR, which totaled \$17.7 of the \$19.9 million in DCN overpayments. Specifically,

- 20,615 DCN overpayments were recovered.
- 1,941 DCN overpayments were reduced. SSA may reduce an overpayment for various reasons, including approving a beneficiary's request for reconsideration.¹⁵ SSA may also reduce an overpayment because of a credit.
- 366 DCN overpayments were waived. Although SSA's policy states that SSA should not waive DCN overpayments, we found SSA waived about 1 percent of the overpayments.¹⁶

Overpayments established in 2010 and 2011 were more likely to have an outstanding balance because SSA did not have as much time to recover them as the older overpayments. See the table below for the outstanding balances by year.

Year Overpayment Established	DCN Overpayments posted to ROAR	Amount of Overpayment (Beginning Balance)	Overpayments with an Outstanding Balance	Balance of Overpayments as of August 2011
2005	4,703	\$3,317,276	206	\$164,322
2006	4,568	\$3,321,037	189	\$174,944
2007	4,794	\$3,708,370	262	\$261,586
2008	3,869	\$3,026,054	283	\$226,773
2009	3,308	\$2,830,842	344	\$281,254
2010	2,960	\$2,578,133	708	\$559,823
January 1, Through May 31, 2011	1,228	\$1,072,284	516	\$451,933
Totals	25,430	19,853,996	2,508	\$2,120,635¹⁷

¹⁵ According to SSA, POMS, GN 02406.310 (effective June 17, 2009) if an individual disagrees with the overpayment because he or she did not cash both checks, he or she may request reconsideration. SSA then obtains a forgery determination from Treasury.

¹⁶ SSA, POMS, GN 02406.310.K. (effective June 17, 2009) states SSA should not waive a DCN overpayment.

¹⁷ We rounded the overpayment balance for each year to the nearest dollar. The totals line reflects the sum of rounded amounts.

SSA was either collecting or had terminated collection activity for the remaining 2,508 DCN overpayments, which totaled \$2,120,635.¹⁸ Of these DCN overpayments,

- 1,494 were being recovered from current benefits.
- 504 were for terminated or suspended individuals, so SSA had terminated collection activity.¹⁹
- 300 were protested by the individuals. The beneficiaries' request for SSA to waive or reconsider the overpayment was pending.
- 166 were not being collected from terminated or suspended individuals, but SSA had not terminated collection activity,²⁰ or individuals who had another overpayment withheld from their benefits.
- 44 had remittance agreements to repay the overpayment in monthly installments.

STATUS OF REPLACEMENT CHECKS

Before FY 2012, SSA staff had to input a stop payment on a Treasury-issued replacement check once Treasury notified SSA that an individual cashed the original check. To test whether this stop payment action occurred, we identified the original checks that were cashed after Treasury issued replacement checks in one segment of the MBR from January 1, 2010 through May 31, 2011. We compared these records to data from PHUS of stop payments on replacement checks.²¹ From this data match, we identified 733 records where it appeared there was no stop payment applied to a replacement check after an original check was cashed.

We reviewed a random sample of 50 of the 733 cases to determine whether SSA applied a stop payment on the replacement checks. We found the following.

- In five cases, SSA issued a stop payment on the replacement check, as required.
- In 16 cases, SSA received returned replacement checks, and no further action was required.
- In eight cases, SSA input a stop payment on the replacement check, as required. However, because of an input error, the stop payment did not process correctly.

¹⁸ This total is as of August 2011.

¹⁹ According to Federal law, SSA has the authority to terminate or suspend attempts to recover an overpayment when it appears the debtor cannot repay or the cost of collection is likely to be more than the amount recovered. 31 U.S.C. § 3711.

²⁰ Although the beneficiary was in terminated or suspense status, and benefit withholding from current benefits to recover the overpayment was not possible, SSA had not terminated or suspended collection efforts for these overpayments.

²¹ We reviewed replacement check data for replacement checks dated 1 to 7 days after the report of a non-receipt of a check was recorded on PHUS.

SSA later corrected two of the input errors. The remaining six cases required an additional stop payment action because of input errors. SSA did not take the required action, and the six replacement checks, totaling \$4,760, were cashed.

- For 21 cases, SSA did not input a stop payment on the replacement check as required. Of these cases, we discovered 19 overpayments totaling \$22,777 because the individuals cashed the replacement check. The remaining two replacement checks were never cashed.

In total, SSA did not properly input stop payments when required for 27 cases; 21 cases where the stop payment was not input at all and 6 input errors SSA did not correct. SSA did not follow up on the status of these 27 replacement checks to determine whether a true DCN existed. Based on these results, we estimate that, in the same period for the entire population, SSA did not follow up on the status of 7,920 replacement checks to determine whether a true DCN existed. See Appendix C for our sampling methodology and results, which explains our projections and estimates. If a DCN existed, the individuals were overpaid, and SSA should have posted the overpayments to ROAR.

We reviewed Treasury's Check Information Systems and determined that, in 25 cases, someone cashed the replacement checks totaling \$27,537. The individuals were overpaid because the original checks were also cashed. Based on these results, we estimate that in the same period, for the entire population, 7,340 DCN overpayments totaling \$8,073,780 occurred, but staff did not post them to ROAR because SSA did not follow up on the status of the replacement check with a stop payment.

ACCURACY OF ROAR RECORDS

We completed a separate analysis to determine whether SSA posted all DCN-related overpayments. For this analysis, we identified 143 incidences from 1 segment of the PHUS where an individual cashed the original and replacement checks, but SSA did not post the overpayment to ROAR as a DCN-related overpayment between January 1, 2010 and May 31, 2011. Unlike the prior set of cases where SSA failed to request the status of the replacement check, Treasury reported to SSA that both the original and replacement checks were cashed in these cases.

To confirm that SSA posted overpayments, we reviewed a random sample of 50 of the 143 cases. We confirmed that a DCN overpayment occurred in all 50 cases, but SSA only recorded 26 to ROAR.²² We did not initially identify these overpayments on ROAR because SSA did not post them as DCN-related overpayments.

SSA should have posted a DCN-related overpayment totaling more than \$18,000 for the remaining 24 cases but did not. SSA did not post these overpayments to ROAR as

²² SSA recorded 25 of the overpayments as a type of overpayment other than a DCN. Although one additional overpayment occurred in January 2010, SSA did not post it to ROAR until August 2011, which was after we extracted our data.

DCN-related or any other type of overpayments. Based on these results, we estimate that in the same period, for the entire population, SSA did not record 1,380 DCN overpayments totaling \$1,047,320 to ROAR.

CONCLUSION

We commend SSA for the actions it has taken to address DCNs, which corresponded with a decline in the number of DCNs. We believe the information in this report will help the Agency continue to decrease the number of DCNs. To that end, we provided our sample cases to SSA for appropriate corrective action.

While DCNs continue to decrease, and after Treasury transitions to direct deposit for most Social Security benefits, SSA should remain alert to the potential DCN issues that may arise.



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

Appendix A

Acronyms

DCN	Double Check Negotiation
FY	Fiscal Year
OASDI	Old-Age, Survivors and Disability Insurance
OIG	Office of the Inspector General
MBR	Master Beneficiary Record
PHUS	Payment History Update System
POMS	Program Operations Manual System
ROAR	Recovery of Overpayments, Accounting and Reporting
SSA	Social Security Administration
Treasury	Department of the Treasury
U.S.C.	United States Code

Scope and Methodology

To accomplish our objective, we:

- Reviewed pertinent sections from the Social Security Administration's (SSA) Program Operations Manual System.
- Reviewed applicable laws.
- Reviewed the Office of the Inspector General report, *Controls over Old-Age, Survivors and Disability Insurance Replacement Checks* (A-02-05-15080), May 31, 2006.
- Obtained and reviewed Recovery of Overpayments, Accounting and Reporting (ROAR) data from 1 of 20 segments of the Master Beneficiary Record identifying 27,893 double check negotiations (DCN), totaling \$21.7million, that occurred from June 2004 through May 2011.
- Extracted 100,984 Payment History Update System (PHUS) non-receipt events that occurred from June 1, 2004 through August 12, 2011. We also extracted 33,886 PHUS stop payment events for the same time period. These stop payment events occurred within 1 week of the non-receipt input.
- Compared the extracted records from PHUS of reports of non-receipts to the extracted records from PHUS of benefit checks that the Department of the Treasury (Treasury) cancelled by a stop payment action. This match provided us the population of non-receipts that resulted in the issuance of a replacement check that did not have a corresponding stop payment on the replacement payment. We then isolated those non-receipts that showed a status of cashed for the original check. We identified 3,949 cashed original checks that did not have a corresponding stop payment on the replacement check. To focus on the most current overpayments, we limited our review to the 733 non-receipts that occurred from January 1, 2010 through May 31, 2011. We selected a random sample of 50 of the 733 cases for review. We reviewed PHUS and ROAR records and queried Treasury's Check Information System to determine the check's status and whether SSA posted overpayments.
- Compared the extracted records from PHUS of reports of non-receipts to the extracted records from PHUS of benefit checks that Treasury cancelled by a stop payment action. This match provided us a population of DCN overpayments. We then compared these records to ROAR data to determine whether SSA posted a DCN overpayment to ROAR. We identified 949 PHUS records that did not have a corresponding DCN ROAR event. To focus on the most current overpayments, we

limited our review to the 143 DCNs that occurred from January 1, 2010 through May 31, 2011. We reviewed a random sample of 50 of the 143 records.

- Obtained information from the Office of Financial Policy and Operations about SSA's recent automated enhancement to take additional actions when Treasury indicates the individual cashed the original check after receiving the replacement check.

We performed our review from May 2011 to April 2012 in New York, New York. We tested the data obtained for our audit and determined them to be sufficiently reliable to meet our objectives. The entity audited was the Office of the Deputy Commissioner of Public Service and Operations Support under the Office of 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 the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Appendix C

Sampling Methodology and Results

We obtained a data extract from one segment¹ of the Social Security Administration's (SSA) Master Beneficiary Record (MBR) of beneficiaries who had an overpayment for double check negotiations (DCN) posted to the Recovery of Overpayments, Accounting and Reporting (ROAR) system from January 1, 2005 through May 31, 2011. In total, we identified 25,430 DCN overpayments with an outstanding balance of \$2,120,635, as of August 2011. See Table C-1 below.

Table C-1 - DCN Overpayment Recovery

Year	DCN Overpayments Posted to ROAR	Amount of Overpayments	Balance of Overpayments as of August 2011
2005	4,703	\$3,317,276	\$164,322
2006	4,568	\$3,321,037	\$174,944
2007	4,794	\$3,708,370	\$261,586
2008	3,869	\$3,026,054	\$226,773
2009	3,308	\$2,830,842	\$281,254
2010	2,960	\$2,578,133	\$559,823
January 1 Through May 31, 2011	1,228	\$1,072,284	\$451,933
Total	25,430	\$19,853,996	\$2,120,635 ²

We estimated the number and amount of DCN overpayments that occurred in the entire population by multiplying the number and amount of overpayments in the segment we reviewed by 20. One segment represents 5 percent of the total population of beneficiaries so multiplying the statistics identified in one segment provides an estimate of the statistics in the entire population. See Table C-2.

¹ SSA divides the MBR into 20 segments for processing and updating. SSA determines the segments by the last two digits of the Social Security number. Each segment represents 5 percent of all records. We randomly selected segment 2 and received data from that segment.

² We rounded the overpayment balance for each year to the nearest dollar. The totals line reflects the sum of rounded amounts.

Table C-2 - Estimated Number of DCN Overpayments Posted to ROAR

Year	DCN Overpayments Posted to ROAR in Segment 2	Amount of Overpayments in Segment 2	Estimated Number of DCN Overpayments Posted to ROAR in Entire Population	Estimated Amount of Overpayments in Entire Population
2005	4,703	\$3,317,276	94,060	\$66,345,516
2006	4,568	\$3,321,037	91,360	\$66,420,732
2007	4,794	\$3,708,370	95,880	\$74,167,402
2008	3,869	\$3,026,054	77,380	\$60,521,086
2009	3,308	\$2,830,842	66,160	\$56,616,838
2010	2,960	\$2,578,133	59,200	\$51,562,652
January 1 Through May 31, 2011	1,228	\$1,072,284	24,560	\$21,445,680

Additionally, we obtained a data extract from the same segment of the Payment History Update System (PHUS) of records that indicated a beneficiary reported a non-receipt of payment and the Department of the Treasury (Treasury) issued a replacement check before determining the status of the original check. We also extracted PHUS records that indicated SSA had entered a stop payment action on a replacement check that Treasury issued 1 to 7 days after SSA input the non-receipt report. We chose to extract stop payment actions on checks that Treasury issued 1 to 7 days after PHUS recorded the non-receipt report because Treasury will issue a replacement check within a week of the non-receipt report. However, during our sample review, we noted that some replacement checks had a date equal to or before the date SSA recorded the non-receipt on PHUS.

We limited our sample review to the most recent reports of non-receipt of payment and DCNs, those occurring January 1, 2010 through May 30, 2011. During this period, there were 3,511 records with two types of non-receipt inputs that resulted in the issuance of a replacement check before the status of the original check was known (referred to as A stops and B stops). Treasury later determined that the original check was cashed (the Treasury disposition code was 23).

We compared the 3,511 records that had a non-receipt input and a cashed original check to the records we extracted with stop payment actions for replacement checks. Per this data match, 733 of the 3,511 records had a non-receipt input and a cashed original check but did not have a corresponding stop payment action for the

replacement check provided to the beneficiaries. We selected a random sample of 50³ of the 733 record for review to verify that SSA placed a stop payment on these records and verified the action the Agency took. Tables C-3 through C-5 provide the details of our sample results, statistical projections, and estimates.

Table C-3 - Population and Sample Size: Replacement Checks Without Status

Description	Cashed Original Checks and Data Did Not Show a Stop Payment on the Replacement Checks
Population Size (data extract from 1 segment)	733
Sample Size	50
Combined Potential Overpayment for Population	\$634,137
Combined Potential Overpayment for Sample	\$46,880

Table C-4 - PHUS Records with a Cashed Original Check and the Status of Replacement Check Not Determined

Description	Number of Payments
Sample Results	27
Point Estimate	396
Projection- Lower Limit	307
Projection- Upper Limit	482
Estimate for Entire MBR	7,920

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

We reviewed Treasury's Check Information Systems and determined that in 25 of the 50 cases, someone cashed the replacement checks totaling \$27,537. The individuals were overpaid because the original checks were also cashed.

³ Although our data extract showed that the 733 records did not have a stop payment input, 13 of the 50 records in our sample review had a stop payment input. For 8 of the 13 records, the stop payment was input incorrectly, and 6 of these should have been re-input. SSA later determined the status of two of the cases. For the remaining five records, we did not extract data for the stop payment action on the replacement check because the date Treasury issued the replacement check was the same or earlier than the date the report of non-receipt posted to the PHUS. We expected the date Treasury issued the replacement checks to be later than the date the non-receipt posted to the PHUS.

Table C-5 - PHUS Records with a Cashed Original Check and the Status of Replacement Check Not Determined by SSA but Replacement Check Cashed

Description	Number of Payments	Overpayment Amounts
Sample Results	25	\$27,537
Point Estimate	367	\$403,689
Projection- Lower Limit	279	\$72,090
Projection- Upper Limit	454	\$735,289
Estimate for Entire MBR	7,340	\$8,073,780

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

We matched our extract of PHUS records with stop payment actions on replacement checks to the extract of records with corresponding non-receipt input on the original check. We then compared this data to the extract of ROAR records with DCN-related overpayments to determine whether all the records with cashed original and replacement checks had overpayments posted to ROAR. We identified 143 PHUS records that did not have a corresponding DCN ROAR event. We reviewed a sample of 50 of the 143 records to determine whether SSA should have posted an overpayment to ROAR. Tables C-6 and C-7 provide the details of our sample results, statistical projections, and estimates.

Table C-6 - Population and Sample Size: DCNs not Posted to ROAR

Description	Replacement Check Had a Status of Cashed, But There Was No DCN Overpayment on ROAR
Population Size (Data extract from 1 segment)	143
Sample Size	50
Combined Replacement Payment Amount for Population	\$127,513
Combined Potential Overpayment for Sample	\$34,691

Table C-7 - Records with Cashed Original and Replacement Checks Without a Posted DCN Overpayment on ROAR

Description	Number of Unposted Overpayments	Overpayment Amounts
Sample Results	24	\$18,310
Point Estimate	69	\$52,366
Projection- Lower Limit	55	\$39,554
Projection- Upper Limit	83	\$65,177
Estimate for Entire MBR	1,380	\$1,047,320

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

Agency Comments

July 02, 2012

SUBJECT: Audit No. 22011062 (A-02-10-10127)--OIG Draft Report, "Controls over Old-Age, Survivors and Disability Insurance Replacement Checks for Beneficiaries Who Previously Double Negotiated Benefit Checks"

Steve,

Thank you for the opportunity to review the "Controls over Old-Age, Survivors and Disability Insurance Replacement Checks for Beneficiaries Who Previously Double Negotiated Checks" draft report. We have no comments.

Staff may refer any questions to Amy Thompson on extension 60569.

Tina M. Waddell
Assistant Deputy Commissioner
for Budget, Finance, and Management

Appendix E

OIG Contacts and Staff Acknowledgments

OIG Contacts

Tim Nee, Director, New York Audit Division, (212) 264-5295

Christine Hauss, Audit Manager, (212) 264-5826

Acknowledgments

In addition to those named above:

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William Kearns, IT Specialist

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Social Security Advisory Board

Overview of the Office of the Inspector General

The Office of the Inspector General (OIG) is comprised of an Office of Audit (OA), Office of Investigations (OI), Office of the Counsel to the Inspector General (OCIG), Office of External Relations (OER), and Office of Technology and Resource Management (OTRM). To ensure compliance with policies and procedures, internal controls, and professional standards, the OIG also has a comprehensive Professional Responsibility and Quality Assurance program.

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.

Office of Investigations

OI conducts investigations 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 liaison to the Department of Justice on all matters relating to the investigation of SSA programs and personnel. OI also conducts joint investigations with other Federal, State, and local law enforcement agencies.

Office of the Counsel to the Inspector General

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.

Office of External Relations

OER manages OIG's external and public affairs programs, and serves as the principal advisor on news releases and in providing information to the various news reporting services. OER develops OIG's media and public information policies, directs OIG's external and public affairs programs, and serves as the primary contact for those seeking information about OIG. OER prepares OIG publications, speeches, and presentations to internal and external organizations, and responds to Congressional correspondence.

Office of Technology and Resource Management

OTRM supports OIG by providing information management and systems security. OTRM also coordinates OIG's budget, procurement, telecommunications, facilities, and human resources. In addition, OTRM is the focal point for OIG's strategic planning function, and the development and monitoring of performance measures. In addition, OTRM receives and assigns for action allegations of criminal and administrative violations of Social Security laws, identifies fugitives receiving benefit payments from SSA, and provides technological assistance to investigations.