OFFICE OF
THE INSPECTOR GENERAL

SOCIAL SECURITY ADMINISTRATION

DIRECT DEPOSITS FOR MULTIPLE TITLE XVI RECIPIENTS INTO THE SAME BANK ACCOUNT

March 2007 **A-02-06-25141**

AUDIT REPORT

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- **Review and make recommendations regarding existing and proposed legislation and regulations relating to 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 23, 2007 Refer To:

To: The Commissioner

From: Inspector General

Subject: Direct Deposits for Multiple Title XVI Recipients into the Same Bank Account (A-02-06-25141)

OBJECTIVE

Our objective was to determine whether individuals were improperly receiving Supplemental Security Income (SSI) payments through multiple direct deposits to the same bank account.

BACKGROUND

Individuals who are age 65 or older, are blind or disabled, and have limited income may be eligible for SSI.[1] In Fiscal Year 2006, the Social Security Administration (SSA) paid approximately $41 billion to about 7.2 million SSI recipients. Over half of that amount was direct deposited into recipients' bank accounts. Per SSA's Program Operations Manual System (POMS), SSI recipients who are their own payees may have their payments deposited to single or joint ownership accounts.[2]

To administer SSI payments, SSA maintains a Supplemental Security Income Record, which includes the recipient's name, Social Security number, address, bank account information, representative payee information, and payment history.[3] SSA designed the Supplemental Security Income Duplicate Payment Project (SSIDPP) to preclude an individual from receiving duplicate payments due to multiple SSI records. The Agency runs SSIDPP annually, and cases that meet the matching criteria are transmitted to the appropriate SSA office to resolve the discrepancies.

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[1] 20 C.F.R. Part 416.

[2] SSA, POMS, GN 02402.050.B.1. Account Titles.

[3] Supplemental Security Income Record and Special Veterans Benefits, Social Security Administration, Office of Systems, Office of Disability and Supplemental Security Income Systems (ODSSIS). 71 FR 1796, 1830-1834 (Jan. 11, 2006).

The SSIDPP does not address the potential risk of individuals diverting funds using multiple direct deposits since it neither matches bank account information nor identifies unrelated individuals depositing payments into the same bank account. As such, we were concerned that recipients who appeared to be unrelated yet shared bank accounts may have been an indication the intended recipient was not receiving the full benefit and use of their payments.

We identified 1,205 recipients who were in current pay status as of May 2006 and whose SSI payments were direct deposited into 504 bank accounts (each bank account received at least 2 SSI payments). These individuals had their SSI payments direct deposited into the same bank account even though the recipients had no apparent relationship and were not assigned a representative payee. We provided our data to SSA, and its field office staff contacted the recipients to determine the nature of the relationship between SSI recipients sharing bank accounts. SSA staff completed reviews for 1,203 of the 1,205 individuals and the results of our review are described below.

RESULTS OF REVIEW

The individuals we reviewed were eligible for SSI payments and knowingly sharing bank accounts with other SSI recipients, but some received the wrong payment amounts. In almost every case, the recipients were entitled to the SSI payments they received and were sharing accounts with other recipients they knew and/or resided with (see Appendix C). However, some of the recipients' living arrangements were unknown to SSA, which led to improper payments. Also, SSA staff did not fully develop some of the cases, which also led to improper payments. In total, we identified $406,500 in overpayments over a 2-year period. In that same period, the 1,205 recipients received approximately $12 million in SSI payments. In addition, we found the controls over identifying jointly owned bank accounts could be improved. Lastly, SSA referred 10 recipients to our Office of Investigations (OI) for further review.

IMPROPER PAYMENTS

We found that 148 (12 percent) of the 1,203 individuals reviewed were overpaid approximately $406,500 because either they did not properly report their living arrangements or SSA staff did not fully develop their records to ensure the proper payment amount.

Of the 148 inaccurately paid recipients, 25 were receiving a payment because they reported their marital status as single, even though they were married or met SSA's criteria for being married[4] and were therefore subject to a lower monthly payment. One

[4] For SSI purposes, a marital relationship is one in which members of the opposite sex are legally married under the laws of the State where they have their permanent home; or married for Title II purposes; or living together in the same household and holding themselves out as husband and wife to the community in which they live (SSA, POMS, SI 00501.150).

couple had reported their marriage to SSA, but their records were not properly updated, so they received inaccurate payments.

Of the 148 recipients with overpayments, 106 were members of a religious order that had taken a vow of poverty and resided in housing provided by the order. The income based on in-kind support and maintenance (ISM)[5] for these recipients was either not counted or not fully charged. This occurred because the religious order provided its members full support and maintenance and therefore the food and shelter was countable as ISM.[6] However, we found SSA staff did not properly account for this income.

For those cases where ISM was not fully charged, claims were generally not developed in the Modernized Supplemental Security Income Claims System (MSSICS). Consequently, the ISM was not automatically updated and was therefore understated, which resulted in overpayments. Per SSA guidance, MSSICS is the preferred mechanism for establishing initial claims, and it is important to retain a case in MSSICS whenever possible.[7]

For the remaining 17 of the 148 recipients, 10 were either friends or family members who were overpaid for a variety of circumstances. Some were incarcerated or a fugitive felon, residing outside the United States, receiving pension income, in living arrangements that paid lower monthly payments than the arrangements known to SSA, or voluntarily terminated their SSI payments. A determination could not be made for seven recipients because they either could not be located or did not show up for their appointment with SSA staff.

IMPACT OF IMPROPER PAYMENTS

To determine the resulting improper payments for the 148 recipients, we calculated overpayment amounts using two methodologies. The first methodology applied administrative finality rules, while the second methodology excluded administrative finality. SSA can only collect overpayments to the point of administrative finality, which is a period of 2 years from the date the overpayment is discovered.[8] While administrative finality may limit what SSA may collect, the events that led to some of the overpayments discovered began before the point of administrative finality. Additionally, we estimated the amount of the overpayments forward 12 months from the time the overpayment was identified. The results are displayed in the following table.

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[5] ISM is not cash but is actually food, or shelter, or some item that can be used to get one of these basic need items. SSA, POMS, SI 00810.005.

[6] SSA, POMS, SI 00835.713.

[7] SSA, Administrative Message 04155 Revised, dated October 28, 2004.

[8] If income issues are involved, including ISM, the administrative finality period may be extended an additional 2 months at the beginning of the period (SSA, POMS, SI 04070.030).

Description	Number of Individuals	Unrecoverable Overpayments Due to Administrative Finality	Recoverable Overpayments[9]	12-Month Estimation	Total
Member of Religious Order	106	$708,301	$305,552	$177,104	$1,190,957
Legally Married	17	$18,785	$47,955	$33,231	$99,972
Married Per SSI Criteria	8	$19,955	$25,697	$21,278	$66,930
Friends or Roommates	6	$96	$5,362	$5,856	$11,314
Family Member	4	$6,240	$7,293	$10,474	$24,006
Suspended – SSA Could Not Locate Recipient	6	$66,371	$14,455	$16,446	$97,272
Unknown	1	$64	$193	$0	$257
Total	**148**	**$819,812**	**$406,506**	**$264,390**	**$1,490,708**

BANK ACCOUNT OWNERSHIP

Recipients who have their SSI payments deposited into accounts with multiple SSI deposits should inform SSA. The ownership, or titling, of accounts is important when considering the resources available for SSI eligibility. If there is more than one owner of an account, SSA assumes that funds in the account belong to all owners equally,[10] unless they can show SSA otherwise. If a shared account is only titled in the name of one SSI recipient, the owner in the account title is assumed to own all the funds in the account.[11]

SSA did not identify issues concerning incorrect bank account titling for 928 of the 1,203 recipients reviewed. However, we identified 194 (16 percent) recipients who did not have properly titled bank accounts. Specifically, we found that 112 recipients had accounts that were owned by only 1 of the recipients, and the recipients sharing the accounts were not related. The remaining 82 recipients were sharing bank accounts with family members. In addition, we found that SSA staff could not determine the ownership of the bank accounts for 81 (6 percent) of the 1,203 recipients because they did not provide proof of ownership when meeting with SSA staff or they did not keep

[9] Under the rule of administrative finality, retroactive correction of an erroneous monthly benefit amount is usually limited to a period of 1 or 2 years from the date of discovery of the payment error. If income issues are involved, including ISM, the administrative finality period may be extended an additional 2 months at the beginning of the period. SSA, POMS, SI 04070.030. However, a determination or decision can be reopened and revised at any time upon a finding of "fraud" or "similar fault." SSA, POMS, SI 04070.010.

[10] SSA, POMS, SI 01140.205.

[11] SSA, POMS, SI 01140.200.

their interview appointments with SSA staff. From these 81 recipients, SSA referred 5 recipients to OI because of potential fraud.

OI REFERRALS

In addition to the 5 recipients discussed above, SSA staff referred another 5 recipients to OI. The 10 recipients equated to 5 allegations sent to OI, since each allegation involved 2 recipients. Of the five allegations, three allegations were opened and closed and two allegations were opened as cases. For the allegations that were opened and closed, OI determined that no further investigation was needed after its initial review and they were referred to SSA for any administrative action. For one of the allegations that was opened as a case, it was determined that the case did not meet prosecutorial guidelines, but a restitution agreement was executed for the $1,800 overpayment. In the other allegation opened as a case, OI has presented the case for prosecution. Five of the 10 recipients referred to OI were part of the 148 recipients who were overpaid by SSA. No overpayment was identified for the other five recipients.

CONCLUSION AND RECOMMENDATIONS

Based on the results of our review, we conclude that the SSI recipients reviewed were generally eligible for SSI payments, but some received the wrong payment amounts. We further conclude that opportunities exist for SSA to ensure the accuracy and integrity of SSI payments, and recommend that SSA:

1. Remind its employees of the importance of establishing and retaining cases in MSSICS, which will help ensure the proper processing of cases with ISM type income.
2. Pursue recovery efforts, as warranted, for overpayments identified in this report.
3. Contact the recipients with improperly titled joint accounts to advise them to adhere to SSA policies for direct deposits.

AGENCY COMMENTS

SSA agreed with our recommendations (see Appendix D).

Patrick P. O'Carroll, Jr.

Appendices

Acronyms

ISM	In-kind Support and Maintenance
MSSICS	Modernized Supplemental Security Income Claims System
OI	Office of Investigations
OIG	Office of the Inspector General
POMS	Program Operations Manual System
SSA	Social Security Administration
SSI	Supplemental Security Income
SSIDPP	Supplemental Security Income Duplicate Payment Project

Scope and Methodology

In April 2005, we obtained a database of 1,018,885 records for Supplemental Security Income (SSI) recipients in current pay status receiving direct deposits that contained at least 2 records with matching Routing Transit and Account Numbers. From this database, we removed records for individuals where there was a legitimate reason for multiple direct deposits to the same bank account, such as accounts shared by recipients with the same representative payee; spouses, children or family members; and recipients residing in nursing and retirement homes, or receiving services from a charitable organization.

At the end of November 2005, we eliminated those recipients who were no longer in current pay status, had died, or were not receiving direct deposits, or whose accounts were no longer receiving multiple direct deposits. At that time, we identified 2,419 recipients with 762 different bank accounts in 625 different District Offices.

We sent the file of 2,419 records to the Social Security Administration (SSA) in March 2006 for preliminary review. Based on concerns raised by SSA staff reviewing the records, we further eliminated certain cases, such as cases with "Rush" cards (SSA-approved debit cards) and Title VIII payments. We also attempted to eliminate religious orders but were unable to exclude all religious orders since the data were inconsistent regarding their living arrangements and in-kind support and maintenance (ISM). Additionally, we updated the file in May 2006 to eliminate cases that were no longer in current pay or multiple direct deposits. The remaining file included 1,205 individuals whose SSI payments were direct deposited into 504 bank accounts (each bank account received at least 2 SSI payments). These recipients had no apparent familial relationship.

We provided our data to SSA along with a checklist/questionnaire and a request that SSA staff contact the recipients and conduct face to face reviews to ascertain the reason(s) for multiple SSI recipients receiving benefits in a single account. SSA completed the reviews in July 2006 and delivered its results to us in late August 2006. SSA did not provide a response for 2 of the 1,205 cases we had provided, nor did SSA explain why the 2 cases were omitted from the Agency's response to our request.

We used the following Program Operations Manual System sections to define the related criteria.

- GN 02402.050 *Account Titles*
- GN 02402.055 *Representative Payee Cases-Direct Deposit*
- SI 00835.300 *Presumed Maximum Value Rule*
- SI 00810.005 *What is Income*

- SI 00835.710 *ISM Provided Residents of Private Nonprofit Residential Care Institutions*
- SI 00835.713 *Determining ISM for a Member of a Religious Order Who Moves into a Private Nonprofit Residential Care Institution*
- SI 01110.000 *Resources, General*
- SI 01140.000 *Types of Countable Resources*
- SI 01140.200 *Checking and Savings Accounts*
- SI 01140.205 *Joint Checking and Savings*
- SI 02310.100 *SSI Duplicate Payment Project*
- SI 04070.030 *Development Required When a Prior SSI Determination or Decision is Reopened*

The results of our analysis were provided to the Customer Service Branch staff in the Division of Operations Analysis and Customer Service—a component of the Office of Public Service and Operations Support—which is under the Deputy Commissioner for Operations.

We performed our audit in the New York Office of Audit from February through October 2006. We found the data used for this audit were sufficiently reliable to meet our objective. The entities audited were SSA's field offices, under the Deputy Commissioner for Operations. Our audit was performed in accordance with generally accepted government auditing standards.

Reasons for Multiple Direct Deposits

As stated earlier, in almost every case, the recipients were entitled to the Supplemental Security Income (SSI) payments they received and were sharing bank accounts with other recipients they knew. The reasons for multiple direct deposits varied and are summarized in the table below.

Reasons for Multiple Direct Deposits	Individuals	Percent
Friends or Roommates	445	37.0
Religious Order	249	20.7
Family	203	16.9
Pre-Approved by a District Office	82	6.8
Married or Separated	75	6.2
Organizational Representative Payee	44	3.7
Married per SSI Criteria	22	1.8
Suspended-Could Not Locate	14	1.2
Other	69	5.7
Total	**1,203**	**100**

Recipients categorized as “other” included multiple direct deposit situations such as check cashing facilities, credit union accounts, social service agencies or adult living facilities.

The reasons for the multiple direct deposits varied. The most common link between recipients sharing the same bank account was friends or roommates with no marital relationship for SSI purposes followed by members of religious orders. We also found family and spousal relationships that were not easily identified, for example, family members with different surnames. Other reasons for the multiple direct deposits included: pre-approval by a District Office and documented in the Modernized Supplemental Security Income Claims System, accounts managed by organizational representative payees and recipients who were not legally married, but were considered married for SSI purposes.

Agency Comments

SOCIAL SECURITY

MEMORANDUM

Date: March 09, 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, "Direct Deposits for Multiple Title XVI Recipients into the Same Bank Account" (A-02-06-25141)--INFORMATION

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

Please let me know if you have any questions. Staff inquiries may be directed to Ms. Candace Skurnik, Director, Audit Management and Liaison Staff, at extension 54636.

Attachment:
SSA Response

COMMENTS ON THE OFFICE OF THE INSPECTOR GENERAL'S (OIG) DRAFT REPORT, "DIRECT DEPOSITS FOR MULTIPLE TITLE XVI RECIPIENTS INTO THE SAME BANK ACCOUNT" (A-02-06-25141)

Thank you for the opportunity to review and provide comments on this draft report. The objective of this audit was to determine whether individuals were improperly receiving Supplemental Security Income (SSI) payments through multiple direct deposits to the same bank account. One of the conclusions from this review was that, in practically every case, the recipients were entitled to the SSI payments they received. The audit did reveal that some of the recipients in this review were receiving incorrect SSI payments, but the audit does not correlate them to SSI payments being directly deposited into accounts with other SSI recipients. Most of the overpayments identified resulted from a failure on the part of the recipients to report changes to the Social Security Administration (SSA) that could affect their payment amounts. The main finding for an incorrect SSI payment was due to a change in living arrangements, not direct deposit. It is the Agency's goal to ensure that recipients receive the correct amount of benefits and to avoid overpayments.

Our response to the recommendations is provided below.

Recommendation 1

Correctly calculate SSI payment amounts through the proper development of claims in the Modernized Supplemental Security Income Claims System (MSSICS) for In-kind Support and Maintenance (ISM) type income.

Comment

We agree. We will issue a reminder to employees regarding the importance of retaining SSI cases in MSSICS to ensure the proper processing of those cases with ISM type income.

Recommendation 2

Pursue recovery efforts, as warranted, for overpayments identified in this report.

Comment

We agree. We will pursue recovery efforts for the identified recipients who received overpayments.

Recommendation 3

Contact the recipients with improperly titled joint accounts to advise them that they need to adhere to SSA policies for direct deposits.

Comment

We agree. In addition, we will determine the proper course of action for recipients who are using an agent to receive their benefit payments and a course of action for recipients who cannot provide SSA with a bank account that shows ownership.

OIG Contacts and Staff Acknowledgments

OIG Contacts

Tim Nee, Director, 212-264-5295

Victoria Abril, Audit Manager, 212-264-0504

Acknowledgments

In addition to those named above:

Robert Blake, Senior Auditor

James Kim, Program Analyst

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