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**OFFICE OF  
THE INSPECTOR GENERAL**

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**SOCIAL SECURITY ADMINISTRATION**

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**SUPPLEMENTAL SECURITY INCOME  
RECIPIENTS WITH EXCESS INCOME AND/OR  
RESOURCES**

July 2008      A-01-08-18022

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**AUDIT REPORT**

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# SOCIAL SECURITY

## MEMORANDUM

Date: July 23, 2008

Refer To:

To: The Commissioner

From: Inspector General

Subject: Supplemental Security Income Recipients with Excess Income and/or Resources  
(A-01-08-18022)

## OBJECTIVE

Our objective was to determine whether bank data can be used to identify Supplemental Security Income (SSI) recipients who may not be eligible for payments because they have income and/or resources that exceed the allowable limitations set by the Agency.

## BACKGROUND

SSI is a nation-wide, Federal cash assistance program administered by the Social Security Administration (SSA) that provides a minimum level of income to financially needy individuals who are aged, blind or disabled.<sup>1</sup> No individual shall be considered eligible for SSI payments for any period during which such individual has income or resources that exceed the allowable limit amounts established under *The Social Security Act*.<sup>2</sup> For example, an unmarried SSI recipient cannot have countable resources exceeding \$2,000 in any given month. In addition, relevant information will be verified from independent or collateral sources to ensure such benefits are only provided to eligible individuals and the amounts of such benefits are correct.<sup>3</sup>

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<sup>1</sup> *The Social Security Act* § 1601 *et seq.*, 42 U.S.C. § 1381 *et seq.*

<sup>2</sup> *The Social Security Act* § 1611(a), 42 U.S.C. § 1382(a), 20 C.F.R. § 416.202.

<sup>3</sup> *The Social Security Act* § 1631(e), 42 U.S.C. § 1383(e), 20 C.F.R. § 416.207.

SSI recipients are required to report events and changes of circumstances that may affect their eligibility and payment amounts—including changes in income and resources.<sup>4</sup> SSA has implemented several proactive measures to help identify SSI recipients with excess income and/or resources, such as

- processing redeterminations periodically—generally every 1 to 6 years—to determine whether recipients are still eligible to receive SSI payments;
- conducting a data match with the Internal Revenue Service three times a year to identify non-wage income that was not previously reported to SSA;
- contracting with a third-party vendor to assist in retrieving electronic bank data to detect unreported bank accounts;<sup>5</sup> and
- testing an automated monthly telephone wage reporting system to reduce unreported changes in wages.

While conducting our audit of *Supplemental Security Income Recipients with Automated Teller Machine Withdrawals Indicating They Are Outside the United States* (A-01-07-17036),<sup>6</sup> we identified bank statements containing large account balances and/or deposit amounts that appeared to exceed the allowable income/resource limits established by SSA. Consequently, the individuals appeared to be most likely ineligible for and/or overpaid SSI payments. To accomplish our objective, we conducted additional analysis of the bank statements from the same random sample of 250 foreign-born recipients selected for our *Foreign ATM* audit. For those individuals with large deposit amounts or bank balances, we requested that SSA's Office of Operations contact the recipients to determine whether they were ineligible for, and/or overpaid, SSI.<sup>7</sup> (For additional scope and methodology information, see Appendix B of this report.)

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<sup>4</sup> *The Social Security Act* §1631(e)(1), 42 U.S.C. § 1383(e)(1); 20 C.F.R. § 416.701; 20 C.F.R. § 416.708.

<sup>5</sup> SSA began a financial account verification test project in 2005 for the State of New York and subsequently rolled it out to the States of New Jersey and California. The Agency found that there was value in receiving this electronic bank data, yet the Agency indicated its budget was not sufficient to support a nation-wide implementation for the project.

<sup>6</sup> This audit report will be referred to as *Foreign ATM* throughout the rest of this document.

<sup>7</sup> Under SSA's due process procedures, the Agency had to contact/attempt to contact the recipient before assessing an overpayment and/or stopping payments. 20 C.F.R. § 416.558.

## RESULTS OF REVIEW

Based on our sample results, we estimate that overpayments totaling approximately \$408.9 million went undetected because about 68,966 recipients did not inform SSA of their changes in income and/or resources. Additionally, we estimate SSA will not detect approximately \$169.2 million each year to recipients who have income and/or resources above the maximum allowable amounts, if the Agency does not take action.<sup>8</sup>

From our sample of 250 cases,

- 17 were verified by SSA to have \$100,796 in overpayments due to excess income/resources;<sup>9</sup>
- 232 were not overpaid due to excess income/resources;<sup>10</sup> and
- 1 was pending case development with SSA staff as of May 2008.

## RECIPIENTS WITH EXCESS INCOME AND/OR RESOURCES

Within our sample, our analysis of 24 months of bank statement data showed that 7 percent of the cases had excess income and/or resources the recipients did not report to SSA. Furthermore, the Agency was able to identify additional months of income and/or resource violations for some of these cases beyond our period of review. These additional overpayments were identified based on personal declarations and additional supporting documentation the Agency received directly from the SSI recipients when reviewing these cases.

For example, SSA had processed a redetermination for an individual in June 2007. During this redetermination, the recipient stated the average balance in her bank account was \$3 for the period March 2005 through April 2007, which SSA did not verify.<sup>11</sup> We analyzed the individual's bank statements for the 24-month period of March 2005 through February 2007, which overlapped the similar period the previous redetermination covered. During our review, we found the SSI recipient's bank account had a balance over \$2,000 during October 2005 and February 2006, which appeared to

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<sup>8</sup> This estimate is based on our finding that 17 cases were overpaid \$41,699 during the last 12-month period for which we obtained bank statements—March 2006 to February 2007. The estimated overpayments and savings in this report only apply to our population of foreign-born SSI recipients with direct deposit (and not the entire SS population).

<sup>9</sup> On average, the SSI recipients in our sample were overpaid \$5,929—with a range of \$151 to \$13,336. Additionally, the overpayments averaged 20 months—with a range of 2 months to 38 months.

<sup>10</sup> Of the 232 cases, 16 had large deposit amounts on their bank statements and/or large account balances. However, upon further analysis, SSA determined that the recipients were not overpaid. For example, the bank statements for one recipient showed numerous, consistent deposits that did not appear to have been reported to SSA. However, further research showed that the deposits did not belong to the SSI recipient, but to family members for whom the individual was fiscally responsible.

<sup>11</sup> SSA does not verify resources if the amount is less than or equal to the threshold amount of \$1,250.

violate the maximum allowable resource amount. At our request, SSA attempted to contact the individual again in January 2008 and deemed the person had excess resources during the two periods we identified and was therefore overpaid \$1,624. Subsequently, SSA assessed an additional overpayment of \$8,588 because of resource violations for the period May 2007 through February 2008, resulting in a total overpayment of \$10,212.

## Redeterminations

One of SSA's critical tools to detect and prevent SSI overpayments (such as those from excess income and/or resources) is the redetermination. Redeterminations, required by law, are periodic reviews of non-medical factors of SSI eligibility.<sup>12</sup> However, SSA indicated it has had to scale back its redetermination workloads because of budget constraints.<sup>13</sup> As a point of comparison, in Fiscal Year 1997, SSA processed 1.8 million redeterminations, but 10 years later—in Fiscal Year 2007—SSA only processed 1 million redeterminations. SSA plans to process 1.2 million redeterminations in Fiscal Year 2008, a significant increase over Fiscal Year 2007. We believe bank statement data can be a useful tool in identifying those cases in need of a redetermination.<sup>14</sup>

## CONCLUSION AND RECOMMENDATION

Despite SSA's efforts to identify income and resource violations, we estimate a substantial number of violations have not been detected, resulting in millions of dollars in overpayments.

SSA relies considerably on individuals self-reporting changes in their financial situations. However, because reporting such events may result in ineligibility for SSI payments, there is little incentive for recipients to report them to SSA. Therefore, we believe SSA should explore alternatives that might help detect unreported income and resources.

Consistent with our analysis and recommendation from the *Foreign ATM* audit, we recommend that SSA

1. Obtain electronic bank statement information, in the most cost-effective manner, to include bank account summary and transaction-level data so that additional income and resources may be identified and investigated for possible violations.

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<sup>12</sup> *The Social Security Act* §1611(c)(1), 42 U.S.C. § 1382(c)(1); 20 C.F.R. § 416.204.

<sup>13</sup> The Agency began a test project in 2006 to revise the redetermination process by sending surveys to select high-risk recipients to improve the identification of individuals who may require a redetermination.

<sup>14</sup> The Agency may request financial data pursuant to *The Social Security Act* § 1631(e)(1)(B), 42 U.S.C. § 1383(e)(1)(B); 20 C.F.R. § 416.207.

## **AGENCY COMMENTS**

SSA partially agreed with the recommendation. The Agency is in the planning and analysis phase of a project called *Access to Financial Institutions* which could potentially enable SSA to obtain and analyze electronic bank data and use it to identify possible income/resource violations. (See Appendix C.)

## **OIG RESPONSE**

Although SSA stated that it “partially agreed” with our recommendation, we believe the Agency’s *Access to Financial Institutions* project is responsive to the intent of our recommendation.

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*

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[APPENDIX A](#) – Acronyms

[APPENDIX B](#) – Scope and Methodology

[APPENDIX C](#) – Agency Comments

[APPENDIX D](#) – OIG Contacts and Staff Acknowledgments



## Acronyms

ATM	Automated Teller Machine
C.F.R.	Code of Federal Regulations
SSA	Social Security Administration
SSI	Supplemental Security Income
U.S.C.	United States Code

## Scope and Methodology

To accomplish our objective, we:

- Reviewed applicable sections of the *Social Security Act* and other relevant legislation, as well as the Social Security Administration’s (SSA) regulations, rules, policies and procedures.
- Used the same population data from the previous audit of *Supplemental Security Income Recipients with Automated Teller Machine Withdrawals Indicating They Are Outside the United States (A-01-07-17036)*. The original population consisted of all 1,014,185 foreign-born, U.S. citizens receiving Supplemental Security Income (SSI) payments via direct deposit as of May 2006. We then sorted the population by count of SSI recipients under each bank institution. See Table 1.

<b>Table 1: Total Population by Bank</b>		
<b>Bank</b>	<b>Number of Recipients</b>	<b>Percent of All Recipients</b>
Bank A	253,696	25
Bank B	118,021	12
Bank C	82,618	8
Bank D	48,734	5
Bank E	45,542	4
<b>Subtotal (Top 5 Banks)</b>	<b>548,611</b>	<b>54</b>
All Other Banks <sup>1</sup>	465,574	46
<b>Total (All Banks)</b>	<b>1,014,185</b>	<b>100</b>

- Selected one of the top five banks from our population, Bank D, for further review. For audit purposes, we considered the characteristics and findings observed for Bank D to be representative of any bank providing services to the population of approximately 1 million recipients. Of the 48,734 SSI recipients with direct deposit at Bank D, we selected a random sample of 250 for detailed analysis.

<sup>1</sup> Each bank had less than 4 percent of the total population of SSI recipients.

- Subpoenaed bank statements on behalf of the 250 cases from Bank D for the period March 2005 through February 2007, pursuant to the *Right to Financial Privacy Act*.<sup>2</sup> We examined the account balance and transaction history sections of the bank statements and identified any amount(s) that appeared to represent excessive income and/or resources.
- Requested that SSA's Office of Operations contact those recipients, who had excess income and/or resources noted on the bank statements, to determine whether they were improperly paid.

We conducted our audit in Boston, Massachusetts, between March and December 2007. We tested the data obtained in our audit and determined them to be sufficiently reliable to meet our objective. The entities audited 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 the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

## SAMPLE RESULTS AND ESTIMATES/PROJECTIONS

<b>Table 2: Population and sample size</b>	
All foreign-born, United States citizens receiving SSI payments via direct deposit as of May 2006	1,014,185
Population Size (recipients above with direct deposit at Bank D)	48,734
Percent of recipients with bank accounts at Bank D	5%
Sample Size (recipients sampled from the population of Bank D customers)	250

<b>Table 3: Number of SSI Recipients with Undetected Income and/or Resource Violations</b>	<b>Results and Projections to Bank D</b>	<b>Estimate in All Banks</b>
Identified in Sample	17	
Point Estimate	3,314	68,966
Projection Lower Limit	2,137	
Projection Upper Limit	4,881	

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

<sup>2</sup> 12 U.S.C. § 3401, *et seq.*

<b>Table 4: Amount of Undetected SSI Overpayments Resulting from Income and/or Resource Violations</b>	<b>Results and Projections to Bank D</b>	<b>Estimate in All Banks</b>
Identified in Sample	\$100,796	
Point Estimate	\$19,648,857	\$408,904,995
Projection Lower Limit	\$10,344,610	
Projection Upper Limit	\$28,953,104 <sup>3</sup>	

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

<b>Table 5: Amount of SSI Overpayments SSA Could Fail to Detect Due to Income and/or Resource Violations Each Year</b>	<b>Results and Projections to Bank D</b>	<b>Estimate in All Banks</b>
Identified in Sample	\$41,699	
Point Estimate	\$8,128,675	\$169,162,807
Projection Lower Limit	\$4,211,316	
Projection Upper Limit	\$12,046,035 <sup>4</sup>	

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

<sup>3</sup> The spread between the lower and upper limits of this projection is from about \$10 million to \$29 million. We determined both large and small dollar findings exist, as the 17 findings for this projection range from \$151 to \$13,336. The mean of our 17 findings is \$5,929 and the median is \$5,760.

<sup>4</sup> The spread between the lower and upper limits of this projection is from about \$4 million to \$12 million. We determined both large and small dollar findings exist, as the 17 findings for this projection range from \$49 to \$6,078. The mean of our 17 findings is \$2,453 and the median is \$2,572.

## Agency Comments



## SOCIAL SECURITY

### MEMORANDUM

**Date:** June 27, 2008 **Refer To:** S1J-3

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

**From:** David V. Foster /s/  
Acting Chief of Staff

**Subject:** Office of the Inspector General (OIG) Draft Report, "Supplemental Security Income Recipients with Excess Income and/or Resources" (A-01-08-18022)—INFORMATION

We appreciate OIG's efforts in conducting this review. Attached is our response to the recommendations.

Please let me know if we can be of further assistance. Staff inquiries may be directed to Ms. Candace Skurnik, Director, Audit Management and Liaison Staff, at (410) 965-4636.

Attachment

**COMMENTS ON THE OFFICE OF THE INSPECTOR GENERAL’S DRAFT REPORT,  
“SUPPLEMENTAL SECURITY INCOME RECIPIENTS WITH EXCESS INCOME  
AND/OR RESOURCES” (A-01-08-18022)**

Thank you for the opportunity to review and provide comments on this draft report. We believe it is important to note that this review was based on the examination of a limited sample of a targeted portion of the Supplemental Security Income (SSI) population (foreign-born, U.S. citizens receiving SSI payments via direct deposit). In our opinion, the results cannot be generalized to the population of SSI recipients overall.

We take the stewardship of the SSI program very seriously. We explore all options for ensuring the integrity of the program, including electronic verification of bank account information when appropriate and cost effective. We have taken proactive steps to detect when SSI recipients have excess income or resources, including implementing data exchanges with the Internal Revenue Service and other government agencies. In addition, as mentioned in the report, we have increased the number of redeterminations we plan to process in fiscal year 2008.

**Recommendation 1**

Obtain electronic bank statement information, in the most cost-effective manner, to include bank account summary and transaction-level data, so that additional income and resources may be identified and investigated for possible violations.

**Comment**

We partially agree. We are in the planning and analysis phase of the *Access to Financial Institutions* (AFI) project. AFI could potentially automate our financial institution verification process. The goal of this project is to have banks provide SSA with “first of the month” account balances on selected individuals so that we can determine if they remain within the resource limits necessary to continue receiving SSI benefits. When fully implemented, we plan to expand the use of the system to field offices nationwide. However, AFI and current business policy do not support transaction-level requests. Including transaction-level detail of bank information would require significant systems changes and additional funding. In addition, we do not believe the transaction-level data is a reliable indicator of excess resources. Relying on this information could result in unproductive leads that would divert field office resources that are already strained. For example, in a joint-account situation, an SSI recipient could have income deposited by a co-owner mistakenly counted as their income. The process of rebutting ownership of these funds is very labor intensive for field office personnel.

## **OIG Contacts and Staff Acknowledgments**

### ***OIG Contacts***

Judith Oliveira, Director, Boston Audit Division (617) 565-1765

Jeffrey Brown, Audit Manager (617) 565-1814

David Mazzola, Audit Manager (617) 565-1807

### ***Acknowledgments***

In addition to those named above:

Chad Burns, Auditor

Kevin Joyce, IT Specialist

For additional copies of this report, please visit our web site at [www.socialsecurity.gov/oig](http://www.socialsecurity.gov/oig) or contact the Office of the Inspector General's Public Affairs Specialist at (410) 965-3218. Refer to Common Identification Number A-01-08-18022.



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