

Audit Report

Payments to Individuals Incarcerated
in New York State Department of
Corrections and Community
Supervision Facilities

MEMORANDUM

Date: June 19, 2018 **Refer To:**

To: The Commissioner

From: Acting Inspector General

Subject: Payments to Individuals Incarcerated in New York State Department of Corrections and Community Supervision Facilities (A-06-17-50270)

The attached final report presents the results of the Office of Audit's review. The objective was to identify individuals who improperly received payments while incarcerated in New York State Department of Corrections and Community Supervision facilities and determine why these individuals' payments were not timely suspended/terminated.

If you wish to discuss the final report, please call me or have your staff contact Rona Lawson, Assistant Inspector General for Audit, 410-965-9700.

Gale Stallworth Stone

Gale Stallworth Stone

Attachment

Payments to Individuals Incarcerated in New York State Department of Corrections and Community Supervision Facilities

A-06-17-50270



June 2018

Office of Audit Report Summary

Objective

To identify individuals who improperly received payments while incarcerated in New York State Department of Corrections and Community Supervision (NYSDOCCS) facilities and determine why these individuals' payments were not timely suspended/terminated.

Background

The *Social Security Act* generally prohibits payments to individuals confined to a jail, prison, or certain other public institutions for committing a crime.

In September 2016, we obtained data from the NYSDOCCS that identified the personally identifiable information of approximately 177,000 prisoners incarcerated in New York correctional facilities. We matched the file against Social Security payment records to identify inmates who may have improperly received Social Security Administration (SSA) payments while incarcerated.

Findings

We identified 49 inmates who received approximately \$781,000 in improper payments while incarcerated in NYSDOCCS facilities. In 24 cases, SSA's Prisoner Update Processing System (PUPS) did not contain the inmates' most recent confinement information. We did not determine whether prison facilities reported the confinement information to SSA and could not otherwise explain why the confinement information did not appear on SSA records.

In the other 25 cases, PUPS contained the inmates' confinement information; however, SSA did not suspend the benefit payments. For these cases, SSA's systems should have alerted Agency staff to suspend/terminate the benefits. We do not know whether the alerts failed to generate or SSA staff failed to act on the alerts.

We note this is a small number of errors compared to the 4,549 instances in Fiscal Year 2017 where SSA's receipt of timely confinement information from New York prison facilities resulted in the suspension of SSA payments.

Upon notification of these cases, New York Region Operations personnel corrected, or were correcting, these payment errors. Suspension of these payments will prevent approximately \$212,000 in additional overpayments over a 12-month period.

Conclusion

SSA corrected, or was correcting, these cases. Further, SSA stated it was evaluating the feasibility of obtaining and periodically processing prisoner census files to stop improper payments. Therefore, we made no recommendations for corrective action.

SSA stated it is committed to improving its efforts to collect updated and accurate incarceration information from state departments of correction. SSA also stated it issued processing reminders that contained an updated guide to assist staff in processing prisoner cases, and will continue to explore ways to minimize the risk of improper payments to incarcerated individuals.

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ABBREVIATIONS

NYSDOCCS	New York State Department of Corrections and Community Supervision
OASDI	Old-Age, Survivors and Disability Insurance
OIG	Office of the Inspector General
POMS	Program Operations Manual System
PUPS	Prisoner Update Processing System
SSA	Social Security Administration
SSI	Supplemental Security Income
SSN	Social Security Number

OBJECTIVE

Our objective was to identify individuals who improperly received payments while incarcerated in New York State Department of Corrections and Community Supervision (NYSDOCCS) facilities and determine why these individuals' payments were not timely suspended/terminated.

BACKGROUND

The Old-Age, Survivors and Disability Insurance (OASDI) program provides payments to wage earners and their families in the event the wage earner retires, becomes disabled, or dies.¹ The Supplemental Security Income (SSI) program provides payments to financially needy individuals who are aged, blind, or disabled.² Federal law prohibits payments to incarcerated individuals under the following circumstances.

- OASDI beneficiaries are ineligible for payments when they are confined for longer than 30 days in a public institution pursuant to conviction for a criminal offense.³
- SSI recipients are ineligible for payments for any month in which they are inmates of a public institution for a full calendar month.⁴

Federal, State, and local correctional institutions electronically send inmate reports to either SSA's Office of Central Operations or a field office. In addition, field offices may receive inmate reports from a beneficiary, recipient,⁵ representative payee, or legal guardian.

SSA developed automated systems to receive, process, control, and monitor inmate information and suspend payments through an automated matching operation. The Prisoner Update Processing System (PUPS) maintains reported inmate information; generates and controls prisoner alerts; suspends OASDI and SSI payments, when possible; calculates incentive payments to prisons; and records benefit and recipient reinstatements.

¹ *Social Security Act*, 42 U.S.C. §§ 402(a-h) (2015).

² *Social Security Act*, 42 U.S.C. § 1382(a) (2018).

³ *Social Security Act*, 42 U.S.C. § 402(x)(1) (2015).

⁴ *Social Security Act*, 42 U.S.C. § 1382(e)(1) (2018).

⁵ Throughout the report, we refer to both OASDI beneficiaries and SSI recipients as "beneficiaries."

SSA enters into agreements with correctional facilities to obtain prisoner information.⁶ The Agency issues correctional facilities \$400 incentive payments when timely reports result in suspension of inmates' payment(s) from SSA.⁷ SSA reduces or eliminates incentive payments when it receives prisoner information longer than 30 days after an inmate is confined. In Fiscal Year 2017, timely receipt of PUPS confinement information from New York prison facilities resulted in the suspension or termination of SSA payments to 4,549 prisoners. As a result, SSA issued approximately \$1.6 million in incentive payments to these facilities.

In September 2016, we received data from the NYSDOCCS that identified the personally identifiable information of approximately 177,000 prisoners incarcerated in New York correctional facilities as of August 31, 2016. The data included 136,692 prisoners' Social Security numbers (SSN). We matched the data against SSA payment records to identify inmates who may have improperly received SSA payments while incarcerated. For more information on our scope and methodology, see Appendix A.

RESULTS OF REVIEW

We identified 49 inmates⁸ who received approximately \$781,000 in improper payments⁹ while incarcerated. Controls designed to prevent payments to prisoners were not effective in these instances.

- PUPS did not contain 24 inmates' most recent confinement information. SSA issued these inmates approximately \$354,000 in improper payments while incarcerated.
- PUPS contained accurate beneficiary confinement information for 25 prisoners; however, SSA did not suspend the prisoners' payments. SSA issued these inmates approximately \$426,000 in improper payments while incarcerated.

We note this is a small number of errors compared to the 4,549 instances in Fiscal Year 2017 where timely receipt of confinement information from New York prison facilities resulted in the suspension of SSA payments.

Upon notification of these cases, New York Region Operations personnel confirmed the inmates' confinement status and suspended or terminated, or were suspending or terminating, the payments to these inmates. Suspension of these payments will prevent approximately \$212,000 in additional overpayments over a 12-month period.

⁶ *Social Security Act*, 42 U.S.C. §§ 402(x)(3)(B) and 1382(e)(1)(I) (2018).

⁷ SSA, *POMS, GN-General*, ch. GN 026, subch. 02607.800(B)(3) (November 17, 2014).

⁸ We referred 63 cases to SSA Operations. In 14 cases, SSA determined the beneficiary and the inmate were different people and the beneficiary was the correct numberholder.

⁹ This included approximately \$632,000 in OASDI benefits and \$149,000 in SSI payments.

Current Confinement Not Recorded in PUPS

SSA issued approximately \$354,000 in improper payments to 24 prisoners because PUPS did not contain the beneficiaries' most recent confinement information.

- PUPS contained no indication that six beneficiaries had *ever* been incarcerated. For example, an individual who began receiving disability benefits in March 2014 was convicted of assault and confined in a New York State prison in July 2016. SSA determined it issued \$17,513 in improper payments from July 2016 until it suspended the prisoner's benefits in January 2018.
- PUPS records listed 1 or more prison confinements for the other 18 beneficiaries; however, none of the PUPS records listed the most recent confinement provided by NYSDOCCS. For example, a man who began receiving survivors benefits after his wife's May 2008 death was convicted of murder and confined in a New York State prison in April 2009. NYSDOCCS does not expect to release this individual from prison until February 2034. The beneficiary's PUPS record did not reference the April 2009 confinement. SSA determined it issued \$77,065 in improper payments from April 2009 until it suspended the prisoner's benefits in April 2018.

We did not determine whether prison facilities reported current confinement information to SSA and could not otherwise explain why current confinement information did not appear on SSA records. The lack of complete confinement information provided the false appearance that these beneficiaries were not in prison. As a result, the beneficiaries received payments to which they were not entitled.

Confinement Dates Recorded in PUPS

SSA issued approximately \$426,000 in improper payments to 25 prisoners who had current confinement and conviction dates recorded in PUPS.

- In one case, SSA did not receive confinement data for a disability beneficiary convicted of robbery and confined in 2009, until after his release from prison in April 2017. SSA established a \$46,720 overpayment on the beneficiary's payment record in June 2017.
- In 12 cases, available records indicated that SSA personnel were aware of the beneficiaries' confinement but did not suspend the beneficiaries' payments. For example, an individual who began receiving disability benefits in March 2005 was convicted of criminal possession of a weapon and transferred from one prison facility to a New York State prison in July 2016. The beneficiary's PUPS record included entries for the confinement in both the original facility and the State prison to which he was transferred. In this case, the release date on the first entry matched the confinement date on the second entry. In September 2016, an SSA employee noted in PUPS that prison suspense was not necessary because the prisoner was released in July 2016. As a result, SSA did not initially suspend the beneficiary's benefits and issued \$28,967 in improper payments before it suspended the benefits in December 2017.

- In 12 cases, we found no documentation to indicate SSA responded to timely receipt of beneficiary confinement information. For example, an individual who began receiving disability benefits in September 2002 was convicted of sexual abuse and confined in a New York State prison in August 2012. This incarceration was reported in PUPS, but SSA did not initially suspend the beneficiary's benefits. SSA determined it issued \$113,623 in improper payments from August 2012 until it suspended the prisoner's benefits in November 2017.

For these cases, SSA's systems should have alerted Agency staff to suspend/terminate the benefits. We do not know whether the alerts failed to generate or SSA staff failed to act on the alerts. However, we note this was a small number of payment errors compared to the 4,549 benefit suspensions SSA processed in 2017 based on the timely receipt of confinement information from New York's prison facilities.

CONCLUSIONS

We identified 49 prison inmates who received approximately \$781,000 in improper payments while residing in prison. Prompt suspension of these payments prevented approximately \$212,000 in additional overpayments over a 12-month period. During our audit, SSA corrected, or was correcting, these cases. We note this is a small number of errors compared to the 4,549 instances in FY 2017 where New York's prison facilities provided SSA with timely confinement information that resulted in suspension of SSA payments.

In a 2016 audit report,¹⁰ we recommended that SSA determine the feasibility of periodically performing data matches with States that have large prisoner populations to identify prisoners improperly receiving SSA payments. In response, SSA stated it formed an inter-component workgroup of PUPS subject matter experts that determined it was not currently feasible for SSA to obtain State prison census files. SSA stated its Office of General Counsel opined that prisoner-reporting agreements with all States did not provide the legal authority for SSA to request and process inmate census files. SSA stated that when it renegotiates these agreements, it will test prison census files and determine SSA's ability to effectively process the files and whether it is cost-effective to continue obtaining periodic census files to stop improper payments.

Because SSA corrected, or was correcting, these cases and is evaluating the feasibility of obtaining and periodically processing prisoner census files to stop improper payments, the report includes no recommendations for corrective action.

¹⁰ SSA OIG, *Payments to Individuals Incarcerated in Texas Department of Criminal Justice Facilities*, A-06-15-50017 (August 2016).

OTHER MATTERS

SSA's Enumeration Verification System (EVS) verifies an individual's SSN, name, date of birth, and gender by matching the information against corresponding SSA records. EVS assigns a verification code to indicate the degree that the provided information matches SSA records.

We processed through EVS information on the 136,692 numberholders in the NYSDOCCS data file. As shown in Table 1, only 60 percent of the prisoners' personal information matched SSA records.

Table 1: Summary of EVS Match of Prisoner Information Against SSA Records

EVS Verification Code Description	Number of Inmates	Percent
Match - SSN, name, and date of birth match SSA records	82,517	60
Partial Match - SSN and name match, but date of birth does not match SSA records	1,048	1
No Match - information does not match SSA records	53,127	39
Total	136,692	100

We did not determine why more than 54,000 prisoners' personal information did not match corresponding SSA records. It is possible that NYSDOCCS data contained transposition or other data-related errors. However, it is also possible that prison records included the prisoners' incorrect SSN, name, and/or date of birth information. Because a significant percentage of inmate information did not verify, the risk exists that inmates could receive SSA payments under one identity while being incarcerated under a different identity.

AGENCY COMMENTS

SSA stated it is committed to improving its efforts to collect updated and accurate incarceration information from state departments of correction. SSA also stated it issued processing reminders that contained an updated guide to assist staff in processing prisoner cases, and will continue to explore ways to minimize the risk of improper payments to incarcerated individuals. SSA's comments are included in Appendix B.



Rona Lawson
Assistant Inspector General for Audit

APPENDICES

Appendix A – SCOPE AND METHODOLOGY

To accomplish our objectives, we:

- Reviewed Federal regulations, SSA policies, and prior Office of the Inspector General and Government Accountability Office reports related to Social Security Administration (SSA) payments to inmates.
- Interviewed SSA program officials.
- Obtained a data file from the New York State Department of Corrections and Community Supervision (NYSDOCCS) containing information on 176,546 inmates, confined in New York State prison facilities between January 1, 2014 and August 31, 2016. The data included 136,692 prisoners' Social Security numbers (SSN).
- Processed SSNs in the NYSDOCCS file against SSA's Supplemental Security, Master Beneficiary, and Numident Records.¹ For each matched SSN, we compared the prisoner's name and date of birth with the corresponding numberholder's name and date of birth per SSA records. For each matched individual, we
 - confirmed confinement status through contact with NYSDOCCS and through review of available public records,
 - obtained Prisoner Update Processing System records,
 - quantified related overpayments, and
 - referred the information to New York Regional Office officials.
- Processed 136,692 inmates' SSNs, first and last names, and dates of birth through SSA's Enumeration Verification System.

We conducted our audit from July 2017 to April 2018 in Dallas, Texas. We determined the data used for this audit were sufficiently reliable to meet our audit objective. The entities audited were the Offices of the Deputy Commissioners for Operations and Systems. 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 objective. We believe the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

¹ We identified all numberholders receiving Old-Age, Survivors and Disability Insurance benefits and/or Supplemental Security Income payments as of December 2016.

Appendix B – AGENCY COMMENTS



SOCIAL SECURITY

MEMORANDUM

Date: June 14, 2018 Refer To: S1J-3

To: Gale S. Stone
Acting Inspector General

Stephanie Hall

From: Stephanie Hall
Acting Deputy Chief of Staff

Subject: Office of the Inspector General Draft Report, “Payments to Individuals Incarcerated in New York State Department of Corrections and Community Supervision Facilities” (A-06-17-50270)
-- INFORMATION

Thank you for the opportunity to review the draft report. We are committed to improving our efforts to collect updated and accurate incarceration information from state departments of correction. On May 14, 2018, based on the preliminary findings for this report, we issued processing reminders that also contained an updated guide to assist staff in processing prisoner cases. We appreciate your acknowledgement of our actions on the error cases your audit team identified. We will continue to explore ways to minimize the risk of improper payments to individuals who are incarcerated.

Please let me know if we can be of further assistance. You may direct staff inquiries to Trae Sommer at (410) 965-9102.

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