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**OFFICE OF  
THE INSPECTOR GENERAL**

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**SOCIAL SECURITY ADMINISTRATION**

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**FOLLOW-UP ON PRIOR OFFICE  
OF THE INSPECTOR GENERAL  
PRISONER AUDITS**

July 2003                    A-01-02-12018

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**AUDIT REPORT**

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## **Mission**

**We improve SSA programs and operations and protect them against fraud, waste, and abuse by conducting independent and objective audits, evaluations, and investigations. We provide timely, useful, and reliable information and advice to Administration officials, the Congress, and the public.**

## **Authority**

**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.**
- Promote economy, effectiveness, and efficiency within the agency.**
- 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.**

**To ensure objectivity, the IG Act empowers the IG with:**

- Independence to determine what reviews to perform.**
- Access to all information necessary for the reviews.**
- Authority to publish findings and recommendations based on the reviews.**

## **Vision**

**By conducting independent and objective audits, investigations, and evaluations, we are agents of positive change striving for continuous improvement in the Social Security Administration's programs, operations, and management and in our own office.**



## SOCIAL SECURITY

### MEMORANDUM

Date: July 24, 2003

Refer To:

To: The Commissioner

From: Inspector General

Subject: Follow-up on Prior Office of the Inspector General Prisoner Audits (A-01-02-12018)

Our objective was to determine whether the Social Security Administration (SSA) implemented the recommendations in our May 1996 report, *Effectiveness in Obtaining Records to Identify Prisoners* (A-01-94-02004), and our June 1997 report, *Effectiveness of the Social Security Administration's Procedures to Process Prisoner Information, Suspend Payments and Collect Overpayments* (A-01-96-61083).

### BACKGROUND

The Social Security Act prohibits the payment of benefits to individuals receiving

- Old-Age, Survivors and Disability Insurance (OASDI) benefits who have been convicted and incarcerated for a period of more than 30 days in a jail, prison or other penal or correctional facility<sup>1</sup> and
- Supplemental Security Income (SSI) payments who have been confined in a public institution throughout any month.<sup>2</sup>

SSA built several unique systems to control, monitor and suspend benefits to inmates who should not be receiving Social Security benefits. These systems include the Prisoner Update Processing System (PUPS), Unverified Prisoner System (UPS) and Incarceration Report Control System (IRCS).

- PUPS records inmate information under the inmate's own Social Security number (SSN). PUPS also streamlines the handling of inmate reports in SSA's field offices (FO); provides a control mechanism for inmate alerts; suspends benefits to an inmate; calculates the incentive payments for correctional facilities; and records benefit reinstatements for beneficiaries when they are released from the correctional institution and request reinstatement of benefits.<sup>3</sup>

<sup>1</sup> Social Security Act § 202(x)(1)(A)(i), 42 U.S.C. § 402(x)(1)(A)(i).

<sup>2</sup> Social Security Act § 1611(e)(1)(A), 42 U.S.C. § 1382(e)(1)(A).

<sup>3</sup> Program Operations Manual System (POMS), section SI 02310.073.A.2.

- UPS records information for inmates whose SSNs do not verify through SSA's automated Enumeration Verification System (EVS). If SSA locates an SSN for an unverified UPS record through its manual verification process, UPS will re-introduce the SSN into EVS for screening against the Master Beneficiary Record, Supplemental Security Record and PUPS for processing. Matched SSNs will result in PUPS alerts.<sup>4</sup>
- IRCS contains information about reports sent to SSA by correctional facilities that agreed to furnish information about their inmate populations. In addition, IRCS contains information about reporters and facilities, reporting agreement data, details of reports received, incentive payment agreements and incentive payments made to facilities.<sup>5</sup>

Our May 1996 audit found that prisoners were improperly receiving OASDI and SSI benefit payments, and SSA had achieved only limited success in obtaining prisoner information. Our June 1997 audit found that payments to prisoners were not always detected nor stopped because of control weaknesses in SSA's prisoner record matching procedures and processing of prisoner alerts. In addition, we found that SSA had limited success in attempting to recover overpayments made to prisoners.

These 2 audit reports contained 21 recommendations to

- obtain and process prisoner information more effectively;
- improve SSA's administrative process;
- generate and work prisoner alerts more efficiently; and
- increase overpayment collections from prisoners.

(See Appendices C and D for a full list of the 21 recommendations included in our 2 prior prisoner reports.)

## **SCOPE AND METHODOLOGY**

To accomplish our objective, we:

- Reviewed our prior prisoner audit reports, *Effectiveness in Obtaining Records to Identify Prisoners* (A-01-94-02004), May 1996, and *Effectiveness of the Social Security Administration's Procedures to Process Prisoner Information, Suspend Payments and Collect Overpayments* (A-01-96-61083), June 1997.
- Reviewed applicable sections of the Social Security Act and SSA's regulations, rules, policies and procedures.

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<sup>4</sup> PUPS alerts are generated to notify the appropriate SSA FO that an OASDI beneficiary or SSI recipient is incarcerated and benefit payments may need to be suspended. POMS, section SI 02310.073.A.4.

<sup>5</sup> POMS, section SI 02310.073.A.1 and Modernized Systems Operation Manual 91-1.

- Obtained and reviewed reports SSA used to determine whether correction agencies were reporting data to SSA in accordance with the terms of their agreements.
- Obtained an extract from PUPS in October 2001 that contained approximately 4.5 million prisoner alerts. With this extract, we determined the number of alerts that were processed through UPS and the number of potentially duplicate alerts issued.
- Contacted SSA FO staff to determine when SSA began transmitting SSI prisoner alerts electronically.
- Obtained an extract from IRCS in May 2002 of all facilities and reporters having active prisoner agreements with SSA. With this extract, we determined which facilities had active agreements with SSA to provide prisoner data and determined the number of verified SSNs on the latest submission from each reporter.
- Selected a random sample of 10 States—1 State from each of SSA's 10 regions.<sup>6</sup>
- Obtained and sampled records from SSA's December 2001 prisoner files for the Federal Bureau of Prisons (FBP) and the 10 randomly selected States. (See Appendix B for details of our sampling methodology.)

We conducted our follow-up audit between August 2002 and February 2003 in Boston, Massachusetts. We found that the data used for this audit were sufficiently reliable to meet our audit objective. The entities audited were SSA's FOs and the Office of Public Services and Operations Support under the Deputy Commissioner for Operations. We conducted our audit in accordance with generally accepted government auditing standards.

## **RESULTS OF REVIEW**

SSA implemented the 21 recommendations contained in our 2 prior audit reports related to obtaining, processing, and suspending Social Security benefits to prisoners as well as collecting overpayments from prisoners. Specifically, our review found that SSA

- had active agreements to obtain prisoner data from the 50 States, the District of Columbia, the FBP, and over 3,000 county and local facilities;
- implemented new systems to monitor compliance with prisoner agreements<sup>7</sup> and track and resolve prisoner cases that do not verify through EVS;<sup>8</sup> and

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<sup>6</sup> SSA was unable to provide us the December 2001 data file for 1 of our initial 10 States—Tennessee. Therefore, we randomly selected an alternate State from this region—Alabama. The 10 States (by SSA region) in our sample were Rhode Island, New York, Maryland, Alabama, Illinois, Louisiana, Iowa, Colorado, Arizona and Washington.

<sup>7</sup> IRCS was implemented in March 1997.

<sup>8</sup> UPS was implemented in March 1999.

- used the additional tools made available through new legislation<sup>9</sup> to improve its efforts to stop Social Security benefit payments to prisoners and collect overpayments from prisoners.

Furthermore, our review of 533 sample cases showed

- SSA's systems generated prisoner alerts for individuals whose Social Security benefits were already suspended for a reason other than being in prison,
- only 1 instance where a prisoner alert was not processed, and
- SSA properly worked about 95 percent of the cases we reviewed.

See Appendices B through D of this report for specific details on each of the 21 recommendations—including the corrective actions taken and our assessment of the Agency's implementation of these recommendations.

## **CONCLUSIONS**

Overall, SSA effectively implemented the recommendations from our two prior prisoner reports. Additionally, SSA's efforts to improve its handling of this workload have contributed to the Agency's overall efforts to reduce improper payments—which was one of the five Government-wide initiatives in the Fiscal Year 2002 President's Management Agenda.

## **AGENCY COMMENTS**

In response to our draft report, SSA stated its appreciation to the Office of the Inspector General for conducting this follow-up review. (See Appendix E for the full text of SSA's comments.)



James G. Huse, Jr.

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<sup>9</sup> Public Law 104-193, the *Personal Responsibility and Work Opportunity Reconciliation Act of 1996*, § 203 (enacted in August 1996); Public Law 106-169, the *Foster Care Independence Act of 1999*, §§ 202 and 203 (enacted in December 1999); and Public Law 106-170, the *Ticket to Work and Work Incentives Improvement Act of 1999*, § 402 (enacted in December 1999) contained provisions related to SSA's prisoner workload.

# **Appendices**

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**APPENDIX A** – Acronyms

**APPENDIX B** – Sampling Methodology and Results

**APPENDIX C** – Status of Recommendations from May 1996 Audit, *Effectiveness in Obtaining Records to Identify Prisoners* (A-01-94-02004)

**APPENDIX D** – Status of Recommendations from June 1997 Audit, *Effectiveness of the Social Security Administration's Procedures to Process Prisoner Information, Suspend Payments and Collect Overpayments* (A-01-96-61083)

**APPENDIX E** – Agency Comments

**APPENDIX F** – OIG Contacts and Staff Acknowledgments

## **Appendix A**

### **Acronyms**

CMPPA	Computer Matching and Privacy Protection Act of 1988
EVS	Enumeration Verification System
FBP	Federal Bureau of Prisons
FO	Field Office
IRCS	Incarceration Report Control System
MOU	Memorandum of Understanding
OASDI	Old-Age, Survivors and Disability Insurance
OFAM	Office of Finance, Assessment and Management
P.L.	Public Law
P.L. 104-193	Personal Responsibility and Work Opportunity Reconciliation Act of 1996
P.L. 106-169	Foster Care Independence Act of 1999
P.L. 106-170	Ticket to Work and Work Incentives Improvement Act of 1999
POMS	Program Operations Manual System
PSC	Program Service Center
PUPS	Prisoner Update Processing System
RECOOP	Recovery and Collection of Overpayments
SCHR	State Criminal History Repository
SSA	Social Security Administration
SSI	Supplemental Security Income
SSN	Social Security Number
SSR	Supplemental Security Record
TRO	Tax Refund Offset
UPS	Unverified Prisoner System

# **Sampling Methodology and Results**

## **METHODOLOGY**

We obtained an extract from the Incarceration Report Control System (IRCS) in May 2002 of all reporters and facilities that had active prisoner agreements with the Social Security Administration (SSA). Based on our review of the IRCS data, SSA had active agreements covering prisoner data from the Federal Bureau of Prisons (FBP), all 50 States plus Washington, D.C., and over 3,000 county and local facilities.<sup>1</sup>

To determine whether the prisoner data submitted to SSA were processed and prisoner alerts were worked accurately and timely, we conducted two separate samples. First, we selected an unrestricted multistage sample to select 1 State from each of SSA's 10 regions.<sup>2</sup> Then, from SSA, we obtained the December 2001 prisoner data submitted for each of the 10 randomly selected States. Second, we selected a simple random sample from the December 2001 FBP submission.

For each December 2001 submission (for the 10 States and FBP),<sup>3</sup> we verified each prisoner's name, Social Security number (SSN), gender, and date of birth using SSA's Enumeration Verification System to ensure the prisoners' identities agreed with SSA's records. We then matched the verified SSNs against the Supplemental Security Record and Master Beneficiary Record to identify those individuals who had received Social Security payments.

Once we isolated prisoners who had received payments from SSA, we selected a random sample of 50 records from the FBP and 50 records from each of the 10 State submissions. If a State had fewer than 50 prisoners who had received payments from SSA, we reviewed all of the cases for that State. (Table B-1 on page B-4 shows the population and sample sizes for the FBP and 10 States.)

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<sup>1</sup> Because the average number of verified SSNs for each of the county and local prisons was substantially less than the average number of verified SSNs for State submissions and the FBP submission, we limited our sampling to the State and FBP data. (On average, there were 266 county and local, 3,565 State and 47,230 FBP verified SSNs per the most recent submission on IRCS as of May 2002.)

<sup>2</sup> SSA was unable to provide us the December 2001 data file for 1 of our initial 10 States—Tennessee. Therefore, we randomly selected an alternate State from this region—Alabama. The 10 States in our sample were (by SSA region) Rhode Island, New York, Maryland, Alabama, Illinois, Louisiana, Iowa, Colorado, Arizona and Washington.

<sup>3</sup> We decided to use December 2001 submissions to give SSA adequate time to work the prisoner alerts.

For each sample case, we:

- determined whether these submissions were processed and prisoner alerts generated for individuals identified through SSA's Enumeration Verification System;
- determined whether prisoner alerts were worked accurately and timely; and
- calculated overpayments caused by alerts not being generated or processed accurately and/or timely.

### **Determining Whether Alerts Were Worked Timely**

To determine whether Supplemental Security Income (SSI) payments were suspended timely, we added 30 days to the later of the date SSA received the prisoner information or the confinement date. To determine whether Old-Age, Survivors and Disability Insurance (OASDI) benefits were suspended timely, we added 65 days—30 days to work the alert plus 35 days for advance notice<sup>4</sup>—to the later of the date SSA received the prisoner information, the confinement date or the conviction date. Additionally, if the expected processing date was too late in the month for SSA to stop the next payment, we did not consider the next payment to be an avoidable overpayment and calculated the avoidable overpayment beginning with the subsequent month.

## **STATISTICAL SAMPLING RESULTS**

We found 25 of our 533 sample cases (5 percent) were not timely or properly worked—resulting in overpayments totaling \$25,220. In 23 of the 25 overpaid cases, Prisoner Update Processing System (PUPS) alerts were worked properly, but \$17,891 in preventable overpayments were made because the alerts were not worked timely:

- 17 cases were overpaid 1 month,
- 3 cases were overpaid 2 months,
- 1 case was overpaid 3 months,
- 1 case was overpaid 4 months, and
- 1 case was overpaid 6 months.

In 1 of the 2 remaining overpaid cases, a beneficiary incorrectly received \$6,554 in SSI payments because the SSI alert was closed in error as "No Suspension." Before incarceration, this individual was eligible for both OASDI and SSI benefits. However, starting in August 2001, receipt of his OASDI benefits caused the recipient's SSI

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<sup>4</sup> Program Operations Manual System, section GN 02607.970, *Exhibits – Advance Notification Letters*, states when SSA receives prisoner information from facilities that have a formal reporting agreement with it, the Agency needs to give advance notice and allow 30 days plus 5 mailing days—or 35 days—prior to suspending OASDI benefits.

payments to be suspended for excess income.<sup>5</sup> When SSA was notified that the beneficiary was in prison, the Agency processed the OASDI prisoner alert and suspended these benefits without overpaying the prisoner. Since the SSI alert was incorrectly closed “No Suspension,” the SSI payment status code was not updated to show prisoner incarceration, but instead, the payment status code stayed as excess income. As a result, the recipient’s SSI payments resumed after his OASDI benefits were suspended due to his incarceration. We confirmed this case with the responsible SSA field office, and staff agreed that the prisoner alert was not worked correctly. As a result, we determined this individual was overpaid \$6,554 from March 2002 through February 2003.

In the last overpaid case, PUPS had no alert matching the October 16, 2001 confinement that was on the prison tape. The individual was originally confined and convicted in July 2001, and SSA processed a prison suspension for that period of incarceration. The remarks screen for the prior PUPS alert stated the individual was released from prison on October 16, 2001—the date of confinement on the prison tape included in our review. We confirmed this case with the responsible SSA field office and they informed us the individual was transferred and not released on October 16, 2001, and this individual is not expected to be released from prison until November 2003. A \$775 overpayment resulted because SSA did not work this alert.

Table B-1 shows the results of our sample cases. Additionally, Table B-2 shows the detailed reasons as to why our sample cases did not result in overpayments.

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<sup>5</sup> Since the SSI program is a needs-based program, an individual’s monthly income is one of the factors used to determine eligibility.

**Table B-1: Sample Results**

State	Population Size	Sample Size	Number of Sample Cases Handled Properly	Number of Sample Cases Not Worked Properly	Benefits Overpaid
Federal Bureau of Prisons	1,214	50	50	0	\$0
Rhode Island	107	50	49	1	2,217
New York	254	50	50	0	0
Maryland	64	50	46	4	3,436
Alabama	109	50	46	4	8,162
Illinois	438	50	49	1	545
Louisiana	661	50	49	1	1,592
Iowa	33	33	29	4	2,065
Colorado	62	50	48	2	2,187
Arizona	76	50	47	3	1,239
Washington	72	50	45	5	3,777
<b>Total</b>	<b>3,090</b>	<b>533</b>	<b>508</b>	<b>25</b>	<b>\$25,220</b>

**Table B-2: Details of “Number of Sample Cases Handled Properly” (Table B-1, Column 4)**

State	Suspension Processed Timely Based upon a PUPS Alert	Benefits Terminated/Suspended Before Confinement /Conviction	Alert Correctly Closed – No Suspension	Incarceration Pre-dated Entitlement	Confined Less than 1 Month	Suspension Processed Before Alert Generated	Total
Federal Bureau of Prisons	24	12	8	2	0	4	50
Rhode Island	16	19	12	0	2	0	49
New York	23	26	1	0	0	0	50
Maryland	19	18	3	1	4	1	46
Alabama	20	17	1	3	0	5	46
Illinois	17	20	5	6	0	1	49
Louisiana	13	29	2	3	1	1	49
Iowa	12	13	2	0	0	2	29
Colorado	25	23	0	0	0	0	48
Arizona	25	16	1	3	0	2	47
Washington	26	12	7	0	0	0	45
<b>Total</b>	<b>220</b>	<b>205</b>	<b>42</b>	<b>18</b>	<b>7</b>	<b>16</b>	<b>508</b>

## ***Appendix C***

### **Status of Recommendations from May 1996 Audit, *Effectiveness in Obtaining Records to Identify Prisoners (A-01-94-02004)***

<b>Recommendation 1 - Institute Computer Matching Agreements or Memorandums of Understanding (MOU) with Correction Agencies to Obtain Information on All Prisoners</b>	
Condition When Report Written	The Social Security Administration (SSA) had achieved only limited success in obtaining prisoner information. SSA had agreements to obtain prisoner information from the Federal Bureau of Prisons (FBP) and 47 of the 51 State (includes Washington, D.C.) correction departments. However, only 156 of 3,316 county and local correction agencies had agreements during our audit period.
SSA's Comments	SSA agreed with our recommendation and stated it had nearly completed a major initiative to secure agreements with all correction facilities, particularly at the local level, for reporting prisoner information to SSA.
Current Condition	SSA has active agreements to obtain prisoner information from the FBP, all 51 State (includes Washington, D.C.) correction departments and over 3,000 county and local facilities.
Recommendation Implemented?	Yes

<b>Recommendation 2 – Monitor the Compliance of Correction Agencies Submitting Information in Accordance with Negotiated Computer Matching Agreements and MOUs</b>	
Condition When Report Written	The monitoring process SSA used was not effective in controlling incoming information, as the monitoring process did not include procedures to identify whether SSA received prisoner information in accordance with the terms of its agreements.
SSA's Comments	SSA agreed with our recommendation and stated it was taking actions to enhance its ability to monitor and follow-up on receipt of prisoner information.
Current Condition	In March 1997, SSA implemented the Incarceration Report Control System (IRCS). IRCS alerts SSA when a reporter does not provide inmate data as specified in the agreement. IRCS will automatically send an alert to the Regional Prisoner Coordinator and the responsible field office (FO) which says, "CONTACT THE REPORTER TO SUBMIT THE APPROPRIATE PRISON REPORT." We determined that SSA is using IRCS to monitor the compliance of correction agencies submitting prisoner information to SSA.
Recommendation Implemented?	Yes

<b>Recommendation 3 - Report Instances of Noncompliance to Congress</b>	
Condition When Report Written	Our review of State submissions revealed that only about one-half of the State correction departments were submitting prisoner information in accordance with their agreements. Additionally, SSA stated it lacked sanctioning power to enforce compliance with reporting agreements.
SSA's Comments	SSA agreed with our recommendation and stated it was seeking legislation to encourage correction agencies to submit inmate data that will assist SSA in identifying offenders who should not continue to receive SSA benefits. SSA stated that, as part of this proposed legislation, it would report noncompliance by correction agencies to Congress.
Current Condition	<i>Personal Responsibility and Work Opportunity Reconciliation Act of 1996</i> (Public Law 104-193), which became law on August 22, 1996, included a provision requiring SSA to provide Congress no later than October 1, 1998 a list of institutions that were not providing prisoner information to SSA. <sup>1</sup> On January 6, 1999, SSA reported to Congress that, of a universe of 5,501 eligible facilities, 5,191 regularly report and 310 do not report incarcerations to SSA. By facility, SSA was not receiving data from about 5.6 percent of the prisons; however, SSA stated it was receiving data for "99 percent of the Nation's prisoner population."
Recommendation Implemented?	Yes

<sup>1</sup> P.L. 104-193 § 203(c).

**Recommendation 4 - Search for Improved Information Sources to Obtain Timely State and County and Local Prison Information. In this regard, State Criminal History Repositories (SCHR) and Direct Reporting from the Courts Should be Among the Sources Considered**

Condition When Report Written	Under the present system for obtaining prisoner information, SSA does not receive prisoner information timely. Also, the number of State, county and local entities that must be contacted is costly and contributes to additional delays. We determined that SCHR and Federal, State and county courts have the potential to provide a more timely method for obtaining prisoner information than SSA is currently using.
SSA's Comments	SSA stated it supports any effort that would result in timely receipt of accurate and useful State and local prisoner information and have taken, and continue to take, actions in that regard. However, it stated it considered the use of SCHR and court system data and have generally found that these would not be effective sources of prisoner information.
Current Condition	<p>Public Law (P.L.) 104-193 included a provision requiring that SSA conduct a study of the desirability, feasibility, and cost of establishing a system under which Federal, State, and local courts would furnish the Commissioner with information respecting court orders by which individuals are confined in jails, prisons and other penal, correctional or medical facilities.<sup>2</sup></p> <p>SSA submitted its report to Congress on September 16, 1997 and concluded it would be neither desirable nor feasible to establish a system under which SSA would obtain data from Federal, State, or local courts. SSA stated that, in the absence of extensive automation throughout the court system, and because of the number of courts that would need to participate in the process, it is clear that, at present, such a system would not improve on the current system of prisoner data collection.</p>
Recommendation Implemented?	Yes

<sup>2</sup> P.L. 104-193 § 203(b)(1)(A).

<b>Recommendation 5 - Seek Congressional Support to Require SCHRs to: Maintain Information Which Enables SSA to Identify Prisoners Receiving Benefits and Provide the Prisoner Information Necessary to Perform Initial Identification Matches, or Require Direct Reporting by the Courts to SSA when the Sentence is Handed Down</b>	
Condition When Report Written	Same as Recommendation 4.
SSA's Comments	SSA agreed that improved sources of prisoner data should be developed, but stated that it would be premature to seek congressional support without a strong rationale for seeking legislation of this nature. Additionally, in response to Recommendation 4, SSA stated that it considered the use of SCHR and court data and generally found they would not be effective sources of prisoner data.
Current Condition	As stated previously, SSA conducted a study as required by section 203(b)(1)(A) of P.L. 104-193 and concluded it would be neither desirable nor feasible to establish a system under which SSA would obtain data from Federal, State, or local courts. Additionally, in this report, SSA stated that, in 1995, it initiated an aggressive effort to establish a more effective system for ensuring that Old-Age, Survivors and Disability Insurance (OASDI) and Supplemental Security Income (SSI) beneficiaries who become incarcerated do not continue to receive benefits to which they are not entitled. SSA stated the results of its efforts have been dramatically successful. SSA stated that the FBP, all State prisons, and more than 3,500 local facilities have agreed to report prisoner data to SSA in an appropriate format and on a timely and regular basis and that these facilities house approximately 99 percent of the nation's total prison inmate population.
Recommendation Implemented?	Yes

<b>Recommendation 6 - Seek Exemption from the Computer Matching and Privacy Protection Act (CMPPA) of 1988 for Renegotiating Computer Matching Agreements for Computerized Prisoner Information</b>	
Condition When Report Written	The CMPPA <sup>3</sup> requires that government agencies have a computer matching agreement before matching computerized records from two separate sources. The CMPPA requires that each agreement be negotiated at least once every 30 months. We identified delays in renegotiating the computer matching agreement with the FBP and with State correction departments.
SSA's Comments	SSA agreed with our recommendation and stated it is seeking appropriate legislation.
Current Condition	<i>Ticket to Work and Work Incentives Improvement Act of 1999</i> (P.L. 106-170) which became law on December 17, 1999, eliminates any further need for CMPPA agreements for prisoner matches. <sup>4</sup>
Recommendation Implemented?	Yes

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<sup>3</sup> P.L. 100-503 (enacted October 18, 1988).

<sup>4</sup> P.L. 106-170 § 402(a)(2) amended the definition of "matching program" to exclude matches performed pursuant to section 202(x)(3) or 1611(e)(1) of the Social Security Act [42 U.S.C. §§ 402(x)(3) and 1382(e)(1)].

<b>Recommendation 7 - Require Reporting Agencies to Provide Prisoner Information on a Monthly Basis</b>	
Condition When Report Written	Our review of State submissions revealed that only about one-half of the State correction departments were submitting prisoner information in accordance with their agreements. Additionally, SSA did not require monthly reporting from correctional institutions, creating delays in stopping payments to prisoners.
SSA's Comments	SSA stated that FOs were directed to seek agreements with correctional institutions to obtain information on a monthly basis. However, SSA did not believe it should seek legislation that would impose more stringent reporting requirements on State and local governments, since it is unclear what, if any, sanctions would be effective in ensuring compliance. Instead, SSA stated it was seeking legislation that would authorize incentive payments to State and local institutions which report data within time frames that will allow early detection of prisoners whose benefits should be suspended.
Current Condition	P.L. 104-193 provided for incentive payments to those State and local facilities who submit prisoner information to SSA that results in suspension of SSI benefits. <sup>5</sup> P. L. 106-170 extended to OASDI <sup>6</sup> the provisions of P.L. 104-193 that authorized payment from SSA to facilities that reported inmate information. Both laws required facilities to provide prisoner information to SSA on a monthly basis.
Recommendation Implemented?	Yes

<sup>5</sup> P.L. 104-193 § 203(a)(1)(I)(i).

<sup>6</sup> P.L. 106-170 § 402(a)(1)(B).

**Recommendation 8 - Provide a Single Standard for Stopping Payments to Prisoners Receiving OASDI and SSI Benefits**

Condition When Report Written	We stated that the process of obtaining and processing prisoner information could be simplified significantly through a legislative change making the provisions for stopping OASDI and SSI payments consistent. At the time our report was issued, OASDI benefits could be stopped for any month during which an individual was confined in a penal institution pursuant to his conviction of an offense that is punishable by imprisonment for more than 1 year. However, SSI payments were stopped for any individual confined in a public institution for an entire month.
SSA's Comments	SSA agreed that the concept of establishing a single standard for suspension of payments to prisoner receiving OASDI and SSI benefits needed to be examined. However, they felt the issue needed further study before the Agency might consider seeking legislation.
Current Condition	P.L. 106-170 removed the requirement that OASDI beneficiaries be convicted for an offense punishable by imprisonment for more than 1 year. <sup>7</sup> After implementation of this P. L., benefits could be suspended when an OASDI beneficiary had been convicted and incarcerated for a period of more than 30 days. Thus, the requirements for stopping payments to prisoners are essentially the same for OASDI and SSI benefits.
Recommendation Implemented?	Yes

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<sup>7</sup> P.L. 106-170 § 402(b).

## ***Appendix D***

### ***Status of Recommendations from June 1997 Audit, Effectiveness of the Social Security Administration's Procedures to Process Prisoner Information, Suspend Payments and Collect Overpayments (A-01-96-61083)***

<b>Recommendation 1 - Modify the Automated Prisoner Match to Generate Prisoner Alerts in Cases where Payments are Currently Suspended but could Potentially be Resumed and Paid Retroactively for a Period of Incarceration</b>	
Condition When Report Written	SSA's prisoner match did not produce an alert in the following situations: (1) payments were already suspended but the suspension date on SSA's records did not agree with the incarceration date on the prisoner record; (2) payments were suspended for a reason other than incarceration, and retroactive payment was possible for the period of incarceration; and (3) the beneficiary was appealing an unfavorable SSA decision, and retroactive payment was possible if the decision was reversed.
SSA's Comments	SSA stated that, on March 8, 1997, a new system was put in place to process prisoner data—the Prisoner Update Processing System (PUPS). For Old-Age, Survivors and Disability Insurance (OASDI), the system produces the recommended alert for all suspensions except for those already in prisoner suspense (code S7). PUPS will produce an alert unless the inmate status code is "S" (confined and convicted but sentence is less than 1 year) or "C" (confined but not convicted) or the confinement date falls within a previous period of S7. Regarding the Supplemental Security Income (SSI) program, alerts are generated for payment status codes that represent suspension of benefits and payment status codes pertinent to ineligible individuals (not receiving benefits due to excess income). Alerts are not generated when the individual's benefits have been stopped because of incarceration.
Current Condition	We reviewed 533 cases in our statistical sample and determined that alerts were properly generated for 17 cases that were in suspended payment status before SSA obtained prisoner information. <sup>1</sup>
Recommendation Implemented?	Yes

<sup>1</sup> In one case, an individual's benefits were suspended because of excess resources, but an alert was not generated. However, there were other alerts on PUPS for this person, and the individual's Supplemental Security Record stated "PUPS PRISONER DATA EXISTS." Also, the individual's benefits were terminated without his receiving benefits after his incarceration.

<b>Recommendation 2 - Modify the Prisoner Match to Process Records that Match Enumeration Records in all Respects but Name</b>	
Condition When Report Written	In SSA's computer software procedures for the prisoner match, records were dropped from the match when the prisoner's name did not match the name shown on enumeration records. However, all other information (such as Social Security Number [SSN], date of birth, and gender) matched what was on SSA's enumeration and payment records.
SSA's Comments	SSA stated the Office of Systems and Office of Finance, Assessment and Management (OFAM) were reviewing data for SSN verification submitted by various sources to find ways of enhancing prisoner matches. These components are working closely to determine whether there are any patterns that are evident in the data so new and/or different data elements may be used in the future to get better results from the data submitted. Also, OFAM was working on ways of making the SSN verification process more effective by conducting a manual review of unverified SSNs. Following completion of the analysis, appropriate changes were to be made to make the Enumeration Verification System (EVS) more effective.
Current Condition	<p>On March 6, 1999 the Unverified Prisoner System (UPS) was released to production. PUPS will update UPS with SSNs that fail to verify through EVS and will facilitate manual efforts to locate valid SSNs. When an SSN is located for an unverified record, UPS will re-introduce the SSN into EVS and PUPS processing. Matched SSNs will result in PUPS alerts. PUPS alerts produced as a result of UPS processing are assigned EVS verification codes "E" and "F."</p> <p>We determined that over 161,000 of the approximately 4.5 million records in the PUPS system as of October 2001 had EVS verification codes of "E" or "F." We have concluded that SSA is using the UPS to determine possible SSNs for individuals that fail to verify through EVS based on the data submitted by prisons.</p>
Recommendation Implemented?	Yes

<b>Recommendation 3 - Modify the Match to Prevent Duplicate Tape Processing and Unnecessary Alerts</b>	
Condition When Report Written	During our review, tapes were occasionally not recorded in the completion log after EVS processing. In such cases, the tapes were processed a second or third time.
SSA's Comments	SSA stated this had already been completed. SSA stated that PUPS eliminates system generated duplicate alerts. In addition, the implementation of stricter processing controls should reduce the probability of duplicate tape processing through human error.
Current Condition	We obtained an extract of approximately 4.5 million alerts in the PUPS system as of October 2001. We determined this extract contained 29 potentially duplicate alerts (0.0006 of 1 percent).
Recommendation Implemented?	Yes

**Recommendation 4 - Work with State, County and Local Correctional Agencies to Increase the Submission of Prisoner Information Electronically, Thereby Eliminating Paper Submissions**

Condition When Report Written	At the time of our review, 10 States and most local and county facilities submitted prisoner records to SSA on paper. We stated that manually processing paper prisoner records is error prone, causing delays in identifying prisoners receiving benefit payments.
SSA's Comments	SSA has always encouraged sources to report electronically. SSA pursued legislation to allow it to enter into incentive agreements with data sources for information submitted on inmates leading to suspension of payments. Under the terms of the agreements, SSA is requiring that the sources report electronically within 12 months of executing the agreement. SSA believed these initiatives would reduce substantially the number of paper reports received.
Current Condition	<p>Section 203(a)(1) of P.L. 104-193, enacted on August 22, 1996, authorized incentive payments for institutions providing data on SSI recipients. Section 402(a)(1)(B) of P.L. 106-170, enacted on December 17, 1999, authorized incentive payments for institutions providing data on OASDI beneficiaries. Both laws stated: "The institution shall provide the Commissioner, on a monthly basis and in a manner specified by the Commissioner the names, Social Security account numbers, dates of birth, confinement commencement dates, and, to the extent available to the institution, such other identifying information concerning the inmates of the institution."</p> <p>Based on information on the Incarceration Report Control System (IRCS) in May 2002, we determined that 50 of the 51 States (includes Washington, D.C.) are reporting prisoner data to SSA electronically. The State not providing data electronically claims their current computer system does not have the capability, and they do not have the money to put in place a computer system that would allow them to report prisoner data electronically.</p> <p>Additionally, based on May 2002 IRCS data, we determined that, for the 2,401 reporters submitting prisoner data for county and local facilities, 982 reported data electronically and 1,419 reported on paper. The files obtained from reporters submitting data electronically appear to be substantially larger than those submitted on paper as the average number of verified SSNs per submission was 552 for electronic submissions and 67 for paper submissions.</p> <p>In August 2002, SSA contacted all reporters submitting prisoner data on paper and attempted to get these facilities to begin reporting electronically. SSA's goal is that all reporters submit prison information to them electronically. However, SSA feels that receiving prisoner data is much more important than ensuring that the data are submitted in an electronic media.</p>
Recommendation Implemented?	Yes

**Recommendation 5 - Modify the Prisoner Match to Control and Follow-up on Alerted Cases to Provide Reasonable Assurance They are Resolved Timely**

Condition When Report Written	Prisoner alerts were not processed and benefit payments were not suspended in a timely manner. This was because SSA needed better automated controls over the processing of prisoner alerts. The prisoner match was not designed to control and follow up on prisoner alerts to ensure they were processed. Further, it did not create a control file of alerted records and continue to match them against SSA's records until the alerts were resolved. Once SSA alerted the field office (FO) or program service center (PSC) to a possible prisoner suspension, no record of the transaction was retained. If there was a delay in working the alert, no reminder was produced to press the FO or PSC into action.
SSA's Comments	SSA stated that, with implementation of PUPS in March 1997, alerts were being automatically sent to follow up on all pending cases. After 60 and 90 days, for pending cases, an alert is directed to the FO or PSC where the original alert was sent for investigation. After 120 days, an alert will be sent to the regional office for investigation; after 150 days, an alert will be sent to the Office of Operations at central office for investigation and resolution.
Current Condition	During our detailed testing of 533 sample cases, we determined that almost 90 percent of all cases in which suspensions were processed, the suspensions were processed timely. In only 6 of the 243 sample cases in which prisoner benefits were suspended was the overpayment due to untimely suspension of benefits for 2 months or longer.
Recommendation Implemented?	Yes

**Recommendation 6 - Establish Procedures to have Regional Offices Investigate Cases not Resolved after Several Follow-up Alerts**

Condition When Report Written	As stated under Recommendation 5.
SSA's Comments	SSA stated a procedure was implemented, as explained in the comments on the preceding recommendation.
Current Condition	In only 6 of the 243 cases in our sample, in which prisoner benefits were suspended, was the overpayment due to untimely suspension of benefits for 2 months or longer.
Recommendation Implemented?	Yes

<b>Recommendation 7 - Require PSC and FO Managers to use Management Systems to Provide Reasonable Assurance that all Prisoner Alerts are Processed Timely</b>	
Condition When Report Written	As stated under Recommendation 5.
SSA's Comments	SSA stated this was accomplished through PUPS, which provides alerts to ensure all alerts are processed timely.
Current Condition	In only 6 of the 243 cases, in our sample in which prisoner benefits were suspended, was the overpayment due to untimely suspension of benefits for 2 months or longer.
Recommendation Implemented?	Yes

<b>Recommendation 8 - Accelerate Implementation of Automated Transmission of SSI Alerts to FOs</b>	
Condition When Report Written	Unlike OASDI prisoner alerts—which were sent directly to PSCs for processing—SSI prisoner alerts were printed at SSA's central office and hand-carried to a mailroom. SSA personnel acknowledged that manually separating alerts could cause alerts destined for one FO to be mailed to another. Manually handling, transferring, sorting and mailing SSI prisoner alerts delayed processing an average of 13 days for alerts handled during the last 6 months of 1994.
SSA's Comments	In SSA's comments to our report the Agency stated that, as of March 1997, alerts were transmitted to FOs electronically.
Current Condition	We contacted an employee at an SSA FO, who confirmed that since 1997, SSI alerts are received electronically.
Recommendation Implemented?	Yes

<b>Recommendation 9 - Establish Procedures for Monitoring SSI Overpayments</b>	
Condition When Report Written	Since SSI overpayments made to prisoners are not uniquely identified on SSA's records, SSA does not monitor SSI collection activities.
SSA's Comments	SSA stated that the Office of Systems was developing data elements on the Supplemental Security Record (SSR) to break out prisoners from the general category of inmates in a public institution. SSA stated that with this enhancement it will be better able to identify and monitor SSI prisoner overpayments.
Current Condition	<p>In November 1997, systems changes were implemented that established a new code on the SSR that is used to indicate that the recipient was/is in a prison. If this code is entered, no SSI payment will be made for the months that the code is in place. If payment was made before SSA knew the recipients' prison status, the placement of the code when SSA is notified by prison authorities indicates there is an overpayment due.</p> <p>During our detailed sampling of prisoner cases, we determined that SSA correctly used this newly created suspension code—"N22"—in 150 SSI cases that were suspended due to incarceration in November 1997 or later.<sup>2</sup></p>
Recommendation Implemented?	Yes

  

<b>Recommendation 10 - Change SSA's Existing Policy so that Collection Efforts are not Terminated Solely because the Beneficiary is still Incarcerated</b>	
Condition When Report Written	SSA had limited success in recovering overpayments made to prisoners. In most of the cases we reviewed, SSA made little effort to collect the overpayment until the beneficiary was released from prison and reapplied for benefits.
SSA's Comments	SSA stated it was assessing policies and procedures in this area to determine whether changes were warranted.
Current Condition	SSA's policy is to use all legally authorized means to collect debts owed by beneficiaries who are incarcerated. We noted that SSA stated it pursues both OASDI and SSI debts via the Recovery and Collection of Overpayments (RECOOP) system, which conducts billing and followup. In addition, SSA implemented our recommendation to expand the Tax Refund Offset (TRO) program to include SSI overpayments, and legislation was enacted that gives SSA the ability to more aggressively pursue overpayments. <sup>3</sup>
Recommendation Implemented?	Yes

<sup>2</sup> We noted one instance when N22 should have been used, but in error, suspension code N02 was used.

<sup>3</sup> P.L. 106-169, the *Foster Care Independence Act of 1999*, §§ 202 and 203 (enacted in December 1999).

<b>Recommendation 11 – Expand the Tax Refund Offset to all Delinquent Debt, Including SSI Overpayments</b>	
Condition When Report Written	SSA's collection efforts were greater for OASDI overpayments than for SSI overpayments. Specifically, SSA pursued TRO for OASDI cases but not SSI cases.
SSA's Comments	SSA stated it was expanding the use of TRO to SSI delinquent debts for recipients for whom benefits were not being paid because of incarceration. SSA planned to begin using this method of recovery for delinquent SSI debts, including prisoner overpayments, in January 1998.
Current Condition	Effective with the 1998 TRO program year and continuing, the TRO program includes delinquent SSI debts. In 1998, SSA certified 181,462 SSI debts worth \$312.6 million to the Department of the Treasury.
Recommendation Implemented?	Yes

<b>Recommendation 12 – Enhance Collection Activities for the \$8.9 Million in OASDI Overpayments and \$11.5 million in SSI Overpayments which were Identified in this Report</b>	
Condition When Report Written	SSA had limited success in recovering overpayments made to prisoners. In most of the cases we reviewed, SSA had made little effort to collect the overpayments until the beneficiaries were released from prison and reapplied for benefits. SSA's collection efforts were greater for OASDI overpayments than for SSI overpayments.
SSA's Comments	SSA stated that, where it is cost-effective to do so, SSA would exercise its full statutory authority to recover overpayments. SSA stated it was looking for ways and taking action to enhance its collection activities. However, SSA stated it was limited by statute to a recovery rate of 10 percent of the SSI payment (when the prisoner is released and re-establishes eligibility), unless the prisoner was convicted of fraud that resulted in the overpayment. Further, SSA stated they had no authority to collect SSI overpayments from OASDI benefits without the individual's voluntary consent.
Current Condition	On December 14, 1999, the <i>Foster Care Independence Act of 1999</i> , (P.L. 106-169) was enacted. This legislation included two provisions related to debt collections: <ol style="list-style-type: none"> <li>(1) <i>Recovery of Overpayment of SSI Benefits From Lump Sum SSI Benefit Payments</i> – requires that the Commissioner recover SSI overpayments from SSI lump-sum amounts by withholding 50 percent of the lump sum or the amount of the overpayment, whichever is less,<sup>4</sup> and</li> <li>(2) <i>Additional Debt Collection Practices</i> – extends to the SSI program all of the debt collection authorities available for collection of overpayments under the OASDI program.<sup>5</sup></li> </ol> Additionally, as stated above, SSA uses the RECOOP system to pursue OASDI and SSI debt, and has expanded the TRO to include SSI debt.
Recommendation Implemented?	Yes

<sup>4</sup> P.L. 106-169 § 202.

<sup>5</sup> P.L. 106-169 § 203.

**Recommendation 13 – Seek a Legislative Change to Allow more Aggressive Pursuit of Overpayments if the Current Legislation Does Not Allow SSA to Perform All Collection Activities Deemed Effective**

Condition When Report Written	In SSA's comments to Recommendations 11 and 12, the Agency stated that it did not have the authority to use the TRO to recover debt from suspended beneficiaries, that it was limited by statute to a recovery rate of 10 percent of SSI payments and that it had no authority to collect SSI overpayments from OASDI benefits without the voluntary consent of the individual. In response to these comments, we added this recommendation to our final report.
SSA's Comments	None. This recommendation was added to our final report in response to comments on overpayment collection activities.
Current Condition	Debt provisions of P.L. 106-169 (see recommendation 12) gave SSA the ability to more aggressively pursue overpayments.
Recommendation Implemented?	Yes

## **Appendix E**

### **Agency Comments**



## SOCIAL SECURITY

MEMORANDUM

32203-24-935

**Date:** June 19, 2003 **Refer To:** S1J-3

**To:** James G. Huse, Jr.  
Inspector General

**From:** Larry Dye /s/  
Chief of Staff

**Subject:** Office of the Inspector General Draft Report, "Follow-up on Prior Office of the Inspector General Prisoner Audits" (A-01-02-12018)—INFORMATION

We appreciate the OIG's efforts in conducting this follow-up review. We are pleased with the acknowledgment of the progress the Agency has made in the last few years improving the prisoner reporting suspension process and the completion of the previous 21 recommendations. As documented in the report, we have significantly increased the number of jurisdictions reporting, automated reporting, workload controls and overpayment collections.

The Agency continues to strive for the goal of processing each case correctly the first time. To assist in this goal, an internal quality study is being conducted on the accuracy of the prisoner alert workload. The study is specifically looking at the prisoner alert cases processed by the field offices. We are reviewing alert cases to ensure they were properly developed and processed. The study is expected to be completed in the second quarter of fiscal year 2004.

In keeping with the Presidential Directive on Electronic Government, the Agency is working diligently to develop and encourage electronic reporting from State and local institutions via a secure internet channel. This process would allow for administrative and program savings for SSA, along with a savings to those who report the data. A Memorandum of Understanding between the U.S. General Services Administration (GSA) – Managing Partner – E-Authentication Initiative and SSA has been consummated. The collaboration initiative supports the GSA E-Authentication initiative and is expected to be completed by January 2004.

Please let us know if we can be of further assistance. Staff questions can be referred to Trudy Williams at extension 50380.

## ***Appendix F***

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# **OIG Contacts and Staff Acknowledgments**

### **OIG Contacts**

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## **Overview of the Office of the Inspector General**

### **Office of Audit**

The Office of Audit (OA) conducts comprehensive financial and performance audits of the Social Security Administration's (SSA) programs and makes recommendations to ensure that program objectives are achieved effectively and efficiently. Financial audits, required by the Chief Financial Officers' Act of 1990, assess whether SSA's financial statements fairly present the Agency's financial position, results of operations and cash flow. Performance audits review the economy, efficiency and effectiveness of SSA's programs. OA also conducts short-term management and program evaluations focused on issues of concern to SSA, Congress and the general public. Evaluations often focus on identifying and recommending ways to prevent and minimize program fraud and inefficiency, rather than detecting problems after they occur.

### **Office of Executive Operations**

The Office of Executive Operations (OEO) supports the Office of the Inspector General (OIG) by providing information resource management; systems security; and the coordination of budget, procurement, telecommunications, facilities and equipment, and human resources. In addition, this office is the focal point for the OIG's strategic planning function and the development and implementation of performance measures required by the Government Performance and Results Act. OEO is also responsible for performing internal reviews to ensure that OIG offices nationwide hold themselves to the same rigorous standards that we expect from SSA, as well as conducting investigations of OIG employees, when necessary. Finally, OEO administers OIG's public affairs, media, and interagency activities, coordinates responses to Congressional requests for information, and also communicates OIG's planned and current activities and their results to the Commissioner and Congress.

### **Office of Investigations**

The Office of Investigations (OI) conducts and coordinates investigative activity related to fraud, waste, abuse, and mismanagement of SSA programs and operations. This includes wrongdoing by applicants, beneficiaries, contractors, physicians, interpreters, representative payees, third parties, and by SSA employees in the performance of their duties. OI also conducts joint investigations with other Federal, State, and local law enforcement agencies.

### **Counsel to the Inspector General**

The Counsel to the Inspector General provides legal advice and counsel to the Inspector General on various matters, including: 1) statutes, regulations, legislation, and policy directives governing the administration of SSA's programs; 2) investigative procedures and techniques; and 3) legal implications and conclusions to be drawn from audit and investigative material produced by the OIG. The Counsel's office also administers the civil monetary penalty program.