

Report Summary

Social Security Administration Office of the Inspector General

July 2010



Objective

To determine whether individuals were eligible for large retroactive benefit payments received after release from prison.

Background

Subject to certain conditions, the Social Security Administration (SSA) suspends benefit payments to prisoners. However, a recent investigation involved an employee who fraudulently issued over \$13,000 in retroactive benefits to an individual shortly after her release from prison.

To determine whether other retroactive payments were paid incorrectly, we obtained SSA data identifying 1,640 retroactive payment transactions in amounts of \$10,000 or higher that beneficiaries received after a prison release date was added to SSA's records. Our findings were based on review of a random sample of these transactions.

To view the full report, visit
http://www.ssa.gov/oig/ADO_BEPDF/A-06-08-38081.pdf

Retroactive Title II Payments to Released Prisoners (A-06-08-38081)

Our Findings

SSA issued improper or questionable retroactive payments to beneficiaries after their release from prison. About half the retroactive payment transactions of \$10,000 or more we reviewed were either improper or issued without any explanation or justification being documented. SSA did not establish sufficient controls to ensure large retroactive payments to released prisoners were valid. Specifically, SSA payment systems allowed SSA personnel to compute and issue large retroactive payments without explanation or justification and without supervisory review. The lack of sufficient controls over these payments increased the potential for fraud, waste, or abuse.

Based on our sample results, we estimate that SSA issued approximately \$10.3 million in retroactive payments to prisoners that were either incorrect or could not be explained based on available documentation.

Our Recommendations

We recommend SSA:

1. Take appropriate action for the 15 retroactive payments determined to be improper.
2. Establish controls to ensure employees explain and justify large retroactive payments issued to released prisoners.
3. Establish a payment threshold amount above which an SSA employee must obtain supervisory approval before issuing the large retroactive payment.