

*Audit Report*

Using Bank Data to Identify  
Supplemental Security Income  
Recipients with Potential  
Overpayments

A-01-12-11223 / September 2013

# OIG

Office of the Inspector General  
SOCIAL SECURITY ADMINISTRATION

## MEMORANDUM

**Date:** September 5, 2013 **Refer To:**

**To:** The Commissioner

**From:** Inspector General

**Subject:** Using Bank Data to Identify Supplemental Security Income Recipients with Potential Overpayments (A-01-12-11223)

The attached final report presents the results of our audit. Our objective was to evaluate the feasibility of using bank data to identify Supplemental Security Income recipients with overpayments.

If you wish to discuss the final report, please call me or have your staff contact Steven L. Schaeffer, Assistant Inspector General for Audit, at (410) 965-9700.



Patrick P. O'Carroll, Jr.

Attachment

# Using Bank Data to Identify Supplemental Security Income Recipients with Potential Overpayments

## A-01-12-11223



September 2013

Office of Audit Report Summary

### Objective

To evaluate the feasibility of using bank data to identify Supplemental Security Income (SSI) recipients with overpayments.

### Background

While conducting our audit of *Supplemental Security Income Recipients with Automated Teller Machine Withdrawals Outside the United States*, we identified bank statements that contained deposit amounts that appeared to exceed the allowable income/resource limits. The sample we used consisted of SSI recipients born outside the United States. We selected our sample from this population because a Government Accountability Office report noted that recipients born outside the United States accounted for at least 87 percent of the overpayments because the recipient was outside the United States for more than 30 days (and the previous audit objective was to identify overpayments caused by these violations).

We conducted additional analysis of the bank statements from the same random sample of 250 foreign-born SSI recipients selected for our audit. Although place of birth was not relevant to the current audit, using the same records represented a considerable cost savings. Because we had to subpoena records, we only obtained information from one bank for this review. However, we chose the most commonly used bank for SSI recipients with direct deposits.

### Our Findings

We estimate SSA overpaid approximately \$55 million to 18,541 SSI recipients because it was not informed of changes to these individuals' financial situations.

If our results using sample data associated with one bank represent all banks, SSA potentially would have overpaid about \$225 million to 76,168 SSI recipients.

Receiving data from a reliable third-party source aids in mitigating discrepancies that can occur when SSI recipients self-report their personal financial situations.

### Our Recommendation

We recommend that SSA continue developing additional methods to identify unreported income (earned and unearned) instead of relying primarily on SSI recipients' self-reporting.

SSA agreed with the recommendation.

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## **ABBREVIATIONS**

|             |                                  |
|-------------|----------------------------------|
| AFI         | Access to Financial Institutions |
| ATM         | Automated Teller Machine         |
| C.F.R.      | Code of Federal Regulations      |
| FY          | Fiscal Year                      |
| OIG         | Office of the Inspector General  |
| POMS        | Program Operations Manual System |
| Pub. L. No. | Public Law Number                |
| SSA         | Social Security Administration   |
| SSI         | Supplemental Security Income     |
| U.S.C.      | United States Code               |

## OBJECTIVE

Our objective was to evaluate the feasibility of using bank data to identify Supplemental Security Income (SSI) recipients with overpayments.

## BACKGROUND

SSI is a nationwide, 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 is eligible for SSI payments for any period during which their income or resources exceeds the allowable amounts established under the *Social Security Act*.<sup>2</sup>

Because SSI payment amounts can fluctuate monthly depending on changes in financial situations, SSA expects recipients to self-report these events as part of their reporting responsibilities. Specifically, SSA requires that SSI recipients report changes in income, resources, living arrangements, etc.<sup>3</sup> However, reporting such events can cause ineligibility or a decrease in SSI payments. Consequently, recipients' failure to self-report has been a major cause of SSI overpayments since the SSI program's inception. According to SSA's Office of Quality Performance, a ". . . key to improving payment accuracy in the SSI program is the establishment of programmatic policies and procedures that permit timely identification of changes through electronic verification or more frequent recipient reporting."<sup>4</sup>

The *Social Security Act* was amended in 1999 to allow SSA to request financial data for SSI recipients, and SSA updated its regulations in 2003.<sup>5</sup>

In July 2008, we issued a report on *Supplemental Security Income Recipients with Excess Income and/or Resources* (A-01-08-18022). In that review, we estimated that overpayments, totaling approximately \$408.9 million, were undetected because 68,966 recipients did not inform SSA of changes in their income and/or resources. We recommended that SSA obtain electronic bank

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

<sup>2</sup> *Social Security Act* § 1611(a), 42 U.S.C. § 1382(a) and 20 C.F.R. § 416.202. *See also Social Security Act* § 1631(e), 42 U.S.C. § 1383(e). 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 *and* 20 C.F.R. § 416.207.

<sup>3</sup> 20 C.F.R. § 416.708.

<sup>4</sup> SSA Office of Quality Performance, *Fiscal Year 2010 Title XVI Payment Accuracy (Stewardship) Report*, June 2011, p. 3-4.

<sup>5</sup> *Social Security Act* § 1631(e)(1)(B), 42 U.S.C. § 1383(e)(1)(B) and 20 C.F.R. § 416.207. *See also Foster Care Independence Act of 1999*, Pub. L. No. 106-169, 113 Stat. 1882 § 213.

statement information, including summary and transaction-level data, to identify excess income and resources.<sup>6</sup>

According to SSA, 56 percent of SSI improper payments in Fiscal Year (FY) 2011 was attributed to the detection of unreported financial accounts and wages.<sup>7</sup> To help identify unreported financial information, SSA

- conducts periodic redeterminations of a recipient's non-medical eligibility factors to determine whether the individual is receiving the correct SSI payment,<sup>8</sup>
- matches non-wage data reported to the Internal Revenue Service, and
- requests employment and wage information from SSA-approved wage verification companies.

SSA implemented the Access to Financial Institutions (AFI) project nationwide in June 2011.<sup>9</sup> AFI is an automated, electronic process where SSA contracts with a third-party vendor to verify financial account balances during SSI initial applications and redeterminations. AFI provides only bank account balance data for resource purposes and does not provide transaction-level detail—such as deposit activity—for income purposes.

While conducting our audit of *Supplemental Security Income Recipients with Automated Teller Machine Withdrawals Outside the United States* (A-01-11-01122), we noted that, in addition to revealing foreign ATM withdrawals that suggested non-residency, some of the bank statements we obtained by subpoena contained deposit activity that was not reported to SSA. Although this prior audit isolated individuals who were born outside the United States because it was an audit examining ineligibility because the recipient was outside the United States for more than 30 days, we nevertheless analyzed the same random sample for the current audit to prevent the expenses that we would incur issuing 250 additional subpoenas. In doing so, we examined transaction-level activity for the same random sample of 250 SSI recipients born outside the United States for a 2-year period (September 2009 to August 2011) and identified recipients who likely received overpayments because of unreported changes in their financial situations. As we have no reason to believe that either place of birth or our use of a single bank is relevant to

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<sup>6</sup> Resources are cash, personal property, and any real property that an individual owns. SSA, POMS, SI 01110.100 B (January 21, 1993).

<sup>7</sup> SSA, *FY 2012 Performance and Accountability Report*, November 8, 2012. According to SSA, the Agency identifies about 12.5 percent of total SSI overpayments due to excess wages or income during redeterminations.

<sup>8</sup> 20 C.F.R. § 416.204. Scheduled redeterminations are usually selected annually or once every 6 years, depending on the likelihood of payment error. SSA, POMS, SI 02305.010 (October 4, 2007). Unscheduled redeterminations are initiated when SSI recipients report—or SSA discovers—certain changes in circumstances that could affect continuing SSI payment amounts.

<sup>9</sup> In 2005, SSA started the AFI pilot initiative in New York and New Jersey and fully integrated AFI into its SSI system in 2012.

concealment of assets, we believe the results of this study are applicable to the SSI population as a whole.

In March 2013, we requested that SSA's Office of Operations notify the identified SSI recipients and assess overpayments, as necessary.<sup>10</sup> (See Appendix A for additional information on our scope and methodology.)

## RESULTS OF REVIEW

We estimate SSA overpaid approximately \$55 million to 18,541 SSI recipients because it was not informed of changes to these individuals' financial situations.<sup>11</sup>

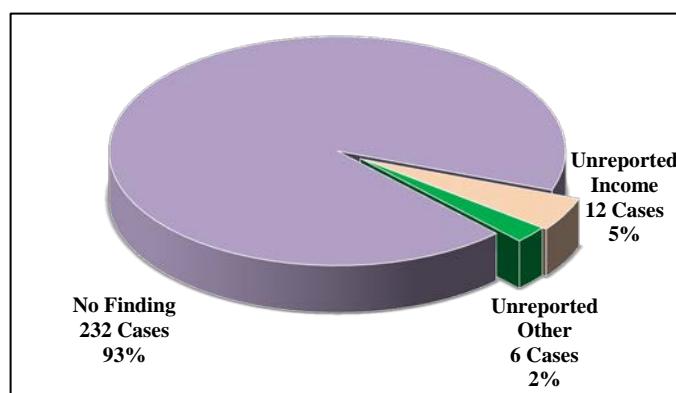
Our data were limited to SSI recipients who used one specific bank. If our results using sample data associated with one bank represent all banks, SSA would potentially have overpaid about \$225 million to 76,168 SSI recipients. (No correlation should be made with an SSI recipient having unreported income and his/her bank. In our July 2008 audit, we found overpayments from unreported income and resources, which were sampled from a different bank than the current audit.<sup>12</sup>)

### Sample Results

Our review of 250 cases found

- 12 were overpaid \$19,096 because of unreported income,
- 6 were overpaid \$34,166 because of unreported resources or changes in living arrangements, and
- 232 had no findings.<sup>13</sup>

**Figure 1: Sample Results**



<sup>10</sup> Under SSA's due process procedures, the Agency attempts to contact the recipients before assessing overpayments and/or stopping payments. See 20 C.F.R. § 416.558.

<sup>11</sup> Because of SSA's rules of administrative finality, the Agency may be unable to recover a portion of these overpayments. Under SSA's administrative finality rules for SSI, the time period SSA can assess an overpayment to a recipient is 1 year for any reason, 2 years for good cause, and any time when fraud or similar fault is found (20 C.F.R. § 416.1488).

<sup>12</sup> SSA OIG, *Supplemental Security Income Recipients with Excess Income and/or Resources* (A-01-08-18022), July 2008.

<sup>13</sup> Of these 232 cases, 191 had no findings of unreported income, and the other 41 cases were excluded for various reasons, such as the SSI recipient no longer receiving payments or bank statements not provided by the bank.

## *Recipients with Unreported Income*

We found 5 percent of our sample had unreported income on bank statements.<sup>14</sup> This income typically appeared as bank branch or automated teller machine deposits, which SSA's system had not recorded as income. These recipients were overpaid \$1,591 on average, ranging from \$109 to \$8,320, with a median of \$598.

Some examples of cases with unreported income are as follows.

1. We determined an SSI recipient was likely overpaid during all 24 months of our audit period. During this period, we found one or several deposits made each month in his individual bank account, which he did not report to SSA. The last redetermination SSA processed for the individual was April 2004, which was before our audit period. Therefore, we referred this case to SSA in March 2013 for development. In May 2013, SSA completed a redetermination for the SSI recipient and assessed an \$8,320 overpayment for the period April 2011 through May 2013. According to SSA, the deposits were funds provided by the recipient's brother to help offset his living expenses.
2. An SSI recipient had the deposits shown in Table 1 (in addition to her SSI direct deposit) during the 2-year period for which we obtained bank statements, yet the income was not reported to SSA. The last redetermination completed for this individual was February 2012. We referred this case to SSA, which assessed a \$2,295 overpayment for the period January 2011 through May 2013. According to SSA, the unreported income was cash the recipient received from her divorced former spouse.

**Table 1: Case Example**

| Date of Deposit on Bank Statement | Amount of Deposit | Date of Deposit on Bank Statement | Amount of Deposit |
|-----------------------------------|-------------------|-----------------------------------|-------------------|
| August 2, 2010                    | \$120.00          | April 21, 2011                    | \$100.00          |
| August 24, 2010                   | \$200.00          | May 18, 2011                      | \$400.00          |
| October 19, 2010                  | \$176.00          | June 15, 2011                     | \$166.00          |
| October 25, 2010                  | \$150.00          | June 27, 2011                     | \$300.00          |
| November 26, 2010                 | \$570.00          | July 13, 2011                     | \$50.00           |
| January 4, 2011                   | \$350.00          | July 26, 2011                     | \$100.00          |
| January 24, 2011                  | \$141.50          | July 30, 2011                     | \$60.00           |
| February 7, 2011                  | \$300.00          | August 15, 2011                   | \$100.00          |
| February 23, 2011                 | \$160.00          | August 18, 2011                   | \$100.00          |
| March 24, 2011                    | \$100.00          |                                   |                   |

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<sup>14</sup> Our audit was limited to only the one bank account SSA had on record as the direct deposit account for these SSI recipients. Therefore, it is possible these recipients had other bank accounts with the same or other banks. SSA's AFI program searches for undisclosed bank accounts.

## *Recipients with Unreported Resources or Changes in Living Arrangements*

We found 2 percent of our sample had other unreported events consisting of resources or changes in living arrangements. We identified the cases with resource issues by looking for a monthly balance over the maximum allowable limit.<sup>15</sup>

For example, an SSI recipient had a bank account balance over the \$3,000 married resource limit during the 10 months of November 2009, May through June 2010, November 2010 through February 2011, and July through September 2011. We referred the case to SSA, and the Agency assessed an \$8,882 overpayment to the individual.

## *Recipients with No Findings*

We determined 93 percent of our sample had no findings, for various reasons. The majority of the cases had no findings of unreported income and some cases were excluded for reasons such as the SSI recipient no longer receiving payments or bank statements not provided by the bank.

For example, we found deposits on an SSI recipient's individual bank account statement, as shown in Table 2.<sup>16</sup> When we referred this case to SSA, it concluded that the SSI recipient did not have any unreported income that would impact the SSI payment. According to the recipient, her daughter sent her money to purchase fabric and other related items on the daughter's behalf because these items were not available where her daughter lived in Washington. The SSI recipient, who lived in California, then shipped the items to her daughter. The recipient showed SSA receipts of (1) purchased items that matched the amounts of the bank deposits and (2) shipments to her daughter's address. Therefore, SSA did not assess an overpayment on this case.

**Table 2: Case Example**

| Date of Deposit on Bank Statement | Amount of Deposit | Date of Deposit on Bank Statement | Amount of Deposit |
|-----------------------------------|-------------------|-----------------------------------|-------------------|
| August 14, 2009                   | \$270.00          | February 28, 2011                 | \$301.20          |
| August 21, 2009                   | \$160.00          | April 7, 2011                     | \$260.00          |
| January 19, 2010                  | \$200.00          | May 27, 2011                      | \$100.00          |
| May 19, 2010                      | \$100.00          | June 3, 2011                      | \$350.00          |
| July 15, 2010                     | \$100.00          | June 8, 2011                      | \$220.00          |
| September 10, 2010                | \$2,500.00        | July 5, 2011                      | \$100.00          |

<sup>15</sup> For SSI resource limits, see 20 C.F.R. § 416.1205.

<sup>16</sup> SSA assumes that the person designated as owner in the account title owns all funds in the account. SSA, POMS, SI 01140.200 (May 9, 2012).

## **Redeterminations**

Redeterminations are one of the tools SSA uses to identify SSI overpayments. However, redeterminations rely on the SSI recipients to provide accurate information about events that could affect their SSI eligibility, such as income, resources, and living arrangements. Of the 18 SSI recipients we determined were overpaid, SSA conducted redeterminations for 7 (39 percent) either during or shortly after our 2-year audit period. On all seven of these redeterminations, the individuals declared no changes to their financial situation; however, the bank statements for the individuals reviewed in our audit revealed additional income the recipients had not reported during their redeterminations. Of the remaining 11 SSI recipients, the most recent redeterminations were before our audit period, ranging from May 2001 to February 2008.

## **Obtaining Bank Deposit Data**

Although we obtained and reviewed physical copies of bank statements for our sample, it would be more efficient for SSA to obtain transaction-level bank deposit data for SSI recipients in an automated, electronic method and integrate it with SSA's existing systems.

In response to our July 2008 report on *Supplemental Security Income Recipients with Excess Income and/or Resources* (A-01-08-18022), SSA indicated "...the use of [transaction-level] data requires significant systems changes and considerable additional funding. In addition, we do not know if comprehensive and detailed transaction-level data is available or if it can be provided to SSA." However, according to a previous discussion we had with the AFI vendor, transaction-level data were available.

In June 2013, SSA indicated it was pursuing a data match to obtain wage information that is more readily available, rather than relying on individuals to self-report their wages. Because this data match would only identify instances of earned income, SSA would still have to rely on individuals to self-report unearned income.

## **CONCLUSION**

We agree with SSA's Office of Quality Performance's assessment—a key to improving the accuracy in identifying overpayments is establishing program policies and procedures, including electronic verification of SSI recipients' financial information. Receiving data from a reliable third-party source aids in mitigating discrepancies that can occur when SSI recipients self-report their personal financial situations.

Although SSA has procedures in place to detect unreported financial changes, we identified SSI recipients who were not eligible for payments because of unreported financial information in detailed bank data. Specifically, we estimate SSA overpaid approximately \$55 million to 18,541 SSI recipients because the Agency was not informed of changes to these individuals' financial situations.

Our data were limited to SSI recipients who were born outside the United States and who used one bank. If our results using sample data associated with one bank represent all banks, SSA would potentially have overpaid about \$225 million to 76,168 SSI recipients.

## RECOMMENDATION

We recommend that SSA continue developing additional methods to identify unreported income (earned and unearned) instead of relying primarily on SSI recipients' self-reporting.

## AGENCY COMMENTS

SSA agreed with the recommendation. However, the Agency expressed some concern with our sampling from SSI recipients born outside the United States and with direct deposit in one bank. See Appendix B.

## OIG RESPONSE

As described in Appendix A, we used the same sample from our September 2012 audit, *Supplemental Security Income Recipients with Automated Teller Machine (ATM) Withdrawals Outside the United States*,<sup>17</sup> because we identified bank statements in that audit that contained deposit amounts that appeared to exceed the allowable income/resource limits established by SSA.

We conducted additional analysis of the bank statements from the same random sample of 250 foreign-born SSI recipients. Although place of birth was not relevant to the current audit, using the same records represented a considerable savings. Because we had to subpoena records, we only obtained information from one bank for this review. However, we chose the most commonly used bank for SSI recipients with direct deposit (as shown in Table A-1).

We do not believe that our sampling from one bank is relevant to the concealment of assets since we sampled from a different bank for our July 2008 audit,<sup>18</sup> which also found overpayments from unreported income and resources. Specifically, our July 2008 audit (in which we sampled from one of the top five banks used by SSI recipients) found that 7 percent of our sample were overpaid compared to 7 percent being overpaid in the current audit from a different bank (which was the most commonly used bank for SSI recipients).<sup>19</sup>

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<sup>17</sup> SSA OIG, *Congressional Response Report: Supplemental Security Income Recipients with Automated Teller Machine Withdrawal Outside the United States* (A-01-11-01122), September 2012.

<sup>18</sup> SSA OIG, *Supplemental Security Income Recipients with Excess Income and/or Resources* (A-01-08-18022), July 2008.

<sup>19</sup> For the current audit, 5 percent of the overpayments were due to unreported income and 2 percent were due to unreported resources or changes in living arrangements. We did not separate the overpayments in this manner in the prior audit.

Furthermore, SSA reported that 56 percent of SSI improper payments in Fiscal Year (FY) 2011 was attributed to the detection of unreported financial accounts and wages for the whole SSI population<sup>20</sup>—demonstrating that concealment of assets and income is not limited to recipients born outside the United States or with direct deposit in a particular bank. Finally, our statistical projections are based on actual overpayments assessed by SSA for our sample cases.

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<sup>20</sup> SSA, *FY 2012 Performance and Accountability Report*, November 8, 2012.

# *APPENDICES*

## **Appendix A – SCOPE, METHODOLOGY, AND SAMPLE RESULTS**

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While conducting our audit, *Supplemental Security Income Recipients with Automated Teller Machine (ATM) Withdrawals Outside the United States*,<sup>1</sup> we identified bank statements that contained deposit amounts that appeared to exceed the allowable income/resource limits established by the Social Security Administration (SSA). Consequently, the individuals appeared to be most likely ineligible for and/or overpaid Supplemental Security Income (SSI) payments.

To accomplish our objective, we conducted additional analysis of the bank statements from the same random sample of 250 SSI recipients selected for our *ATM* audit. Specifically, we reviewed the subpoenaed bank statement account balances and transaction history for the sample cases and identified any balance(s) and deposit amount(s) that were not recorded in SSA's system for the individuals. For those individuals with large deposit amounts, we requested that SSA contact the recipients to determine whether they were ineligible for, or overpaid, SSI.

We used the same sample from the *ATM* audit since we already had the bank records, and issuing 250 additional subpoenas would have involved additional expense and delay. The sample from the 2012 audit consisted of SSI recipients born outside the United States because a Government Accountability Office report<sup>2</sup> noted that recipients born outside the United States accounted for at least 87 percent of the overpayments resulting from recipients being outside the United States for more than 30 days (and the *ATM* audit's objective was to identify overpayments caused by these violations). The place of birth of the SSI recipients was not relevant to the current audit.

Furthermore, we only obtained bank records from one bank, the most commonly used bank for SSI recipients with direct deposit, because the records had to be subpoenaed pursuant to the *Right to Financial Privacy Act*.<sup>3</sup> Also, limiting our review to one bank to determine whether deposit information was an indicator that an SSI recipient was overpaid because of unreported income, was an effective use of our resources.

To identify and select the 250 sampled bank statements for the *ATM* audit, we took the following steps.

- Obtained a file of 7.6 million SSI recipients in current payment status as of February 2011. From this file, we identified 5.3 million with direct deposit bank information—of those, approximately 1 million were born outside the United States.

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<sup>1</sup> SSA OIG, *Congressional Response Report: Supplemental Security Income Recipients with Automated Teller Machine Withdrawal Outside the United States* (A-01-11-01122), September 2012.

<sup>2</sup> GAO, *SSI: SSA Could Enhance Its Ability to Detect Residency Violations* (GAO-03-724), July 2003.

<sup>3</sup> 12 U.S.C. § 3401 *et seq.* See 12 C.F.R. § 219.3 for the cost reimbursement fees for subpoenaed bank records. The *Social Security Act* was amended in 1999 to allow SSA to request financial data for SSI recipients and SSA updated its regulations on this in 2003; see *Social Security Act* §1631(e)(1)(B), 42 U.S.C. § 1383(e)(1)(B) and 20 C.F.R. § 416.207. Therefore, unlike the OIG, SSA does not need to subpoena bank records.

We then sorted the population by count of SSI recipients under each bank institution (see Table A-1).

**Table A-1: Total Population by Bank**

| Bank                               | Number of Recipients | Percent of Recipients in Population |
|------------------------------------|----------------------|-------------------------------------|
| Bank A                             | 257,512              | 24%                                 |
| Bank B                             | 199,504              | 19%                                 |
| Bank C                             | 103,393              | 10%                                 |
| Bank D                             | 44,510               | 4%                                  |
| Bank E                             | 26,298               | 3%                                  |
| <b>Subtotal (Top 5 Banks)</b>      | <b>631,217</b>       | <b>60%</b>                          |
| <b>All Other Banks<sup>4</sup></b> | <b>426,665</b>       | <b>40%</b>                          |
| <b>Total (All Banks)</b>           | <b>1,057,882</b>     | <b>100%</b>                         |

- Selected one of the top five banks from our population, Bank A, for further review. For audit purposes, we considered the characteristics and findings observed for Bank A to represent any bank providing services to the population of approximately 1 million recipients. Of the 257,512 SSI recipients with direct deposit at Bank A, we selected a random sample of 250 for detailed analysis.
- Subpoenaed bank statements from Bank A for the period September 2009 through August 2011 for our sample cases.

We conducted our audit in Boston, Massachusetts, between August 2012 and April 2013. 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 Office of 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 conduct 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.

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<sup>4</sup> Each bank had less than 3 percent of the total population of SSI recipients in our population.

## Sample Results

**Table A–2: Populations and Sample Size**

|   |           |
|---|-----------|
| SSI recipients born outside the United States with direct deposit | 1,057,882 |
| Population size - recipients with direct deposit at Bank A        | 257,512   |
| Percent of recipients with direct deposit at Bank A               | 24%       |
| Sample size - recipients from the Bank A population               | 250       |

**Table A–3: Sample Cases with Findings by State<sup>5</sup>**

| State        | Cases     |
|--------------|-----------|
| California   | 8         |
| Florida      | 4         |
| Texas        | 2         |
| Washington   | 2         |
| Georgia      | 1         |
| New York     | 1         |
| <b>Total</b> | <b>18</b> |

**Table A–4: Number of SSI Recipients with Overpayments**

|                             | Results and Projections to<br>Bank A | Estimate in All<br>Banks |
|-----------------------------|--------------------------------------|--------------------------|
| Identified in Sample        | 18                                   |                          |
| Point Estimate <sup>6</sup> | 18,541                               | 76,168                   |
| Projection Lower Limit      | 12,119                               |                          |
| Projection Upper Limit      | 27,009                               |                          |

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

<sup>5</sup> Although the 18 cases with findings were from 6 States, the sample of 250 cases represented 23 States.

<sup>6</sup> We calculated the estimate to all banks by dividing the population of cases for all banks by the population of cases from Bank A and then multiplied by the point estimate for Bank A ( $1,057,882 / 257,512 * 17,511 = 71,937$ ).

**Table A–5: Amount of SSI Overpayments**

|                             | Results and Projections to<br>Bank A | Estimate in All<br>Banks |
|-----------------------------|--------------------------------------|--------------------------|
| Identified in Sample        | \$53,262                             |                          |
| Point Estimate <sup>7</sup> | \$54,862,015                         | \$225,377,995            |
| Projection Lower Limit      | \$23,142,908                         |                          |
| Projection Upper Limit      | \$86,581,122                         |                          |

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

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<sup>7</sup> We calculated the estimate to all banks by dividing the population of cases for all banks by the population of cases from Bank A and then multiplied by the point estimate for Bank A ( $1,057,882 / 257,512 * \$43,458,147 = \$178,529,899$ ).

## **Appendix B – AGENCY COMMENTS**

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### **SOCIAL SECURITY**

#### **MEMORANDUM**

Date: August 20, 2013 Refer To: S1J-3

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

From: Katherine Thornton /s/  
Deputy Chief of Staff

Subject: Office of the Inspector General Draft Report, "Using Bank Data to Identify Supplemental Security Income Recipients with Overpayments" (A-01-12-11223)--INFORMATION

Thank you for the opportunity to review the draft report. Please see our attached comments.

Please let me know if we can be of further assistance. You may direct staff inquiries to Gary S. Hatcher at (410) 965-0680.

Attachment

**COMMENTS ON THE OFFICE OF THE INSPECTOR GENERAL DRAFT REPORT, “USING BANK DATA TO IDENTIFY SUPPLEMENTAL SECURITY INCOME RECIPIENTS WITH OVERPAYMENTS” (A-01-12-11223)**

As described in our 2013-2016 Agency Strategic Plan goal of preserving the public’s trust in our programs, improving payment accuracy is one of our highest priorities. We have implemented a number of initiatives to detect changes in recipients’ income or resources and will continue our efforts to avoid overpayments wherever possible. Your evaluation of the feasibility of using bank data to identify unreported income found that only 12 of 250 cases (5 percent of the total) had overpayments due to unreported income, which confirms that deposits to bank accounts do not necessarily reflect countable income for Supplemental Security Income (SSI) purposes.

In addition, the cases reviewed are not representative of the general SSI population. We serve approximately 8.3 million SSI recipients, of whom over 1 million are foreign-born. The sample isolated individuals who were born outside the United States and whose SSI checks are directly deposited at one distinct bank. We do not have confidence in such a narrowly drawn sample to project findings with any degree of validity or reliability. We do not agree with the statement on page 2 of the report that “(as) we have no reason to believe that either place of birth or our use of a single bank is relevant to concealment of assets, we believe that the results of this study are applicable to the SSI population as a whole.”

Given the concerns expressed above, we recommend, at a minimum, adding the word “Potential” to the title of the report.

**Recommendation**

Continue developing additional methods to identify unreported income (earned and unearned) instead of relying primarily on SSI recipients’ self-reporting.

**Response**

We agree. We will continue to support the development of additional methods to identify unreported income (earned and unearned) instead of relying primarily on SSI recipients’ self-reporting. For example, we continue to support efforts to improve the Veterans Affairs (VA) interface process, which detects and adjusts payment amounts based on unreported or underreported unearned income of SSI recipients who receive VA pensions. We will also continue to pursue the Electronic Wage Verification Project. This project, if implemented, will allow us to obtain, match, and update wage information received electronically from wage verification companies such as The Work Number.

We consider this recommendation closed for tracking purposes.

## **Appendix C – MAJOR CONTRIBUTORS**

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