



Office of the Inspector General  
SOCIAL SECURITY ADMINISTRATION

*Audit Report*

Supplemental Security Income  
Recipients Who Under-report  
Financial Account Balances

*A-02-21-51028 September 2024*



# Office of the Inspector General

SOCIAL SECURITY ADMINISTRATION

## MEMORANDUM

**Date:** September 24, 2024

**Refer to:** A-02-21-51028

**To:** Martin O'Malley  
Acting Commissioner

**From:** Michelle L. Anderson *Michelle L. Anderson*  
Assistant Inspector General for Audit  
as Acting Inspector General

**Subject:** Supplemental Security Income Recipients Who Under-report Financial Account Balances

The attached final report presents the results of the Office of Audit's review. The objective was to determine whether the Social Security Administration's financial account validation process led to accurate Supplemental Security Income determinations for applicants and recipients who alleged having less than \$400 in financial accounts.

Please provide within 60 days a corrective action plan that addresses each recommendation. If you wish to discuss the final report, please contact me, or have your staff contact Mark Searight, Deputy Assistant Inspector General for Audit.

Attachment

# Supplemental Security Income Recipients Who Under-report Financial Account Balances

## A-02-21-51028



September 2024

Office of Audit Report Summary

### Objective

To determine whether the Social Security Administration's (SSA) financial account validation process led to accurate Supplemental Security Income (SSI) determinations for applicants and recipients who alleged having less than \$400 in financial accounts.

### Background

The SSI program provides cash assistance to people who are aged, blind, or disabled with limited income and resources. SSI applicants and recipients are required to report their income and resources to SSA to ensure they meet income and resource eligibility requirements.

SSA uses the Access to Financial Institutions (AFI) application to verify applicants' and recipients' alleged financial account information, verify financial account balances, and identify undisclosed accounts. SSA verifies applicants' and recipients' liquid resources, including financial accounts, if applicants/recipients allege resource values that total \$400 or more and there is at least 1 month of potential SSI eligibility or there is a resource-related event. SSA does not verify liquid resource values alleged to be under \$400.

We reviewed a stratified random sample of 140 recipients who had an initial claim, pre-effectuation review contact, or a redetermination in Fiscal Year 2022 and alleged having financial account balances totaling less than \$400.

### Results

SSA's SSI financial account validation process for applicants and recipients who alleged having less than \$400 in financial accounts did not always lead to accurate SSI determinations. SSA's process led it to make inaccurate SSI resource determinations for 27 of the 140 recipients reviewed. Based on these determinations, SSA paid the recipients \$130,430 in SSI payments they were not eligible to receive. Based on these sample results, we estimate SSA incorrectly made SSI resource determinations that led to 198,960 recipients receiving \$718 million in SSI payments for which they were not eligible because applicants/recipients under-reported their financial account balances by \$100 or more.

SSA's policy did not require that it validate the recipients' financial account balances because they alleged they had less than \$400 in liquid resources. The AFI reports we requested identified 102 of 140 applicants/recipients under-reported their financial account balances by \$100 or more. Additionally, the AFI reports showed 28 of the applicants/recipients owned financial accounts of which SSA was unaware. Based on these sample results, we estimate 800,140 applicants/recipients under-reported their financial account balances by \$100 or more, with 219,640 failing to report all the financial accounts they owned to SSA.

### Recommendation

We recommended SSA lower its \$400 resource-level tolerance for AFI application use to \$0 to help ensure more accurate SSI resource determinations when processing initial claims, pre-effectuation review contacts, and redeterminations.

SSA disagreed with our recommendation.

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## **ABBREVIATIONS**

AFI	Access to Financial Institutions
FY	Fiscal Year
OIG	Office of the Inspector General
PERC	Pre-effectuation Review Contact
POMS	Program Operations Manual System
SSA	Social Security Administration
SSI	Supplemental Security Income
U.S.C.	United States Code

## OBJECTIVE

To determine whether the Social Security Administration's (SSA) financial account validation process led to accurate Supplemental Security Income (SSI) determinations for applicants and recipients who alleged having less than \$400 in financial accounts.

## BACKGROUND

The SSI program provides monthly cash assistance to people who are aged, blind, or disabled with limited income and resources.<sup>1</sup> SSI applicants and recipients are required to report their income and resources to SSA to ensure they continue to meet income and resource eligibility requirements.<sup>2</sup> SSA defines resources as cash, liquid assets, or any real or personal property that someone could convert to cash and use for support and maintenance. Countable resources include stocks, mutual funds, U.S. savings bonds, land, life insurance, and accounts with financial institutions.

Individuals with countable resources in excess of the statutory resource limit are not eligible for Federal SSI or federally administered State supplementary payments.<sup>3</sup> Eligibility for benefits is determined as of the first day of each calendar month, and that determination is applicable to the entire month. If countable resources, which include consideration of available funds in financial accounts, exceed the resource limit on the first day of the month, recipients are not SSI eligible for that month.

SSA verifies financial accounts SSI recipients reported when they process certain claim and post-eligibility events for recipients who grant SSA permission to request financial account information as a condition of SSI eligibility.<sup>4</sup> Verification is required during:

- full initial claims, pre-effectuation review contacts (PERC), and redeterminations when recipients allege ownership of liquid resources valued at \$400 or more and there is at least 1 month of potential SSI eligibility<sup>5</sup> and
- resource-related redeterminations or limited-issue reviews for which the liquid resource tolerance does not apply, regardless of the alleged resource value.

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<sup>1</sup> 42 U.S.C. § 1382.

<sup>2</sup> SSA, *POMS*, SI 02301.005, A; B2 (December 20, 2023). We use the term "recipients" in the report when we refer to applicants and recipients.

<sup>3</sup> The statutory SSI resource limit is \$2,000 for single individuals and \$3,000 for couples.

<sup>4</sup> The *Social Security Act* requires that individuals give SSA permission to request financial records from any financial institution for the application or recipient and their deemors as a condition of eligibility for SSI.

<sup>5</sup> SSA, *POMS*, SI 01140.010, C (July 12, 2012). Initial claim refers to an individual's application for disability benefits; a pre-effectuation is the process of bringing up to date and or fully documenting a claim after receipt of a notice of disability allowance; and a redetermination is a review of an SSI recipient's or couple's non-medical eligibility factors to determine whether the recipient or couple is still eligible for and receiving the correct SSI payment.

When SSA employees are required to verify financial accounts, they should use the Access to Financial Institutions (AFI) application,<sup>6</sup> which is an electronic process that verifies account balances from participating financial institutions.<sup>7</sup> The AFI application, a subsystem in the SSI Claims path, allows employees to automatically request and receive financial account balances, which helps reduce SSI payment errors related to financial accounts.

The AFI system sends a verification request to each disclosed financial institution and a geographic search request to look for undisclosed financial accounts. The system determines which financial institutions it should send a geographic search request based on the applicants', recipients', or representative payees' addresses. AFI sends up to 10 geographic search requests and can also search for a specific financial institution if there is reason to believe applicants or recipients have an account at a specific undisclosed financial institution.<sup>8</sup>

AFI reports are automatically updated to recipients' records in SSA's system. When the added financial account balance information appears to take a recipient over the SSI resource limit, the system generates an alert that employees must review to determine whether the recipients' SSI eligibility has been affected. The system does not require that SSA employees review financial account information when resource totals do not exceed the resource limit allowing the system to store information that may be inaccurate.

## PREVIOUS REPORTS

SSA and the Office of the Inspector General (OIG) have conducted several reviews of the AFI application and/or improper payments caused by applicants and recipients under-reporting financial account balances during the financial account validation process.

- In September 2010, SSA's Office of Quality Performance found \$215 million in financial account overpayments in Fiscal Year (FY) 2008 by using AFI's undisclosed account search capability.<sup>9</sup> The Office found little accuracy between recipients' self-reports of financial account balances and verified amounts. The Office of Quality Performance suggested the existing financial account development tolerances impeded the discovery of SSI ineligibility, and SSA should (1) continue a planned expansion of AFI; (2) weigh the effectiveness of undisclosed account searches for all redeterminations and limited issues and all initial

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<sup>6</sup> SSA, *POMS*, SI 01140.200, C2 (February 9, 2024). Electronic verification is the preferred method to verify financial accounts; however, an individual may provide bank statements, financial records, or provide a signed statement as evidence.

<sup>7</sup> In January 2023, SSA reported its AFI vendor had a total of 9,976 financial institutions on file; 8,155 were participating institutions that responded to requests for financial information and 1,821 were non-participating institutions that did not. SSA could not explain why some institutions chose not to participate in the AFI process.

<sup>8</sup> We asked SSA for AFI cost information, which SSA provided for FY 2022. Per SSA, its contract for AFI use cost \$10.3 million in FY 2022, which included maintenance, administration costs and financial institution fees. SSA also reported that because AFI is part of other workloads, it did not have any discrete management information on the costs associated with technicians' verification of AFI reports received.

<sup>9</sup> SSA, Office of Quality Performance, *Report on Financial Account Error*, pp.3-8 (September 2010).

claims except technical denials, and (3) weigh the effectiveness of eliminating the developmental tolerances altogether.<sup>10</sup>

- In April 2013, SSA's Office of the Chief Actuary reviewed the financial effects of using AFI at alternative tolerances and search levels.<sup>11</sup> According to the Agency, the program cost estimates it used for the review were based primarily on a 2006 study of the AFI process in New York and New Jersey. SSA modified case study results to reflect national differences compared to New York and New Jersey. The results were combined with information on the average number of months of suspense and the rate of termination and baseline projections at that time to develop the estimated effects on Federal SSI program. The Office of the Chief Actuary, in collaboration with other agency components, estimated: (1) program savings, (2) administrative costs, (3) administrative work years, and (4) return on investment for several alternatives by which financial account information is verified in determining SSI eligibility. The report concluded SSA: (1) would realize the highest total net savings (i.e., reductions in program cost less additional administrative expenses) using an AFI tolerance of \$0 with 10 additional searches for undisclosed accounts; (2) would realize a higher return on investment with an AFI tolerance of \$750 with up to 10 searches for undisclosed accounts than for either \$400 and \$0 tolerances; and (3) would require fewer work years with an AFI tolerance of \$400 and up to 10 searches.

In May 2013, considering analysis from the various agency components, SSA lowered the AFI tolerance from \$750 to \$400 with up to 10 searches citing a projected \$68 million in annual cost savings. SSA had not calculated cost savings since the 2013 tolerance reduction.<sup>12</sup>

- Each year, SSA's Office of Analytics, Review and Oversight releases its payment accuracy stewardship report that quantifies improper payments. Per its most recent report in May 2023,<sup>13</sup> inaccurate self-reports of amounts in and existence of financial accounts were the leading cause of overpayment deficiencies in FYs 2018 through 2022, averaging \$1.4 billion in overpayment dollars annually and representing 29 percent of total overpayment dollars. According to the report, from FYs 2018 through 2022, 98 percent of financial account overpayments were made when recipients or representative payees failed to report to SSA either accounts unknown or increases in the balances of accounts previously reported. The report notes that SSA's procedures limit AFI application use to certain cases and low staffing and contract costs preclude field offices from performing monthly AFI checks on all SSI recipients in current pay status. The report findings underscored the significant degree of Agency reliance on recipient self-reporting and the importance of developing alternate

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<sup>10</sup> SSA, Office of Quality Performance, *Report on Financial Account Error*, p. 4. Most field offices adhered to a \$1,250 resource tolerance. Only field offices in New York, New Jersey, and California were using the AFI process, adhering to a \$750 verification tolerance (September 2010).

<sup>11</sup> SSA, Office of Chief Actuary, *Estimated Financial Effects from the Use of the Access to Financial Institutions (AFI) Process at Alternative Tolerance and Search Levels* (April 2013).

<sup>12</sup> SSA, Deputy Commissioner for Quality Performance, *Expanding the Access to Financial Institutions (AFI) Initiative to Prevent and Detect Supplemental Security Income (SSI) Improper Payments -- DECISION*, pp. 2 and 3 (2013).

<sup>13</sup> SSA, Office of Analytics, Review, and Oversight, *Fiscal Year 2022 Title XVI Payment Accuracy Report*, pp.8 and 9 (May 2023).



sources of information necessary to administer the SSI program, including automated solutions where feasible.

- In prior reports, we identified financial accounts as a leading cause of SSI overpayments.<sup>14</sup> We estimated SSA could have identified or prevented approximately \$1.5 billion in annual overpayments in FYs 2020 through 2022 had it performed AFI application searches between recipients' initial-claim applications and redeterminations. We recommended SSA complete the expansion study for AFI and assess the effectiveness of lowering the liquid-resource tolerance to \$0. We also recommended SSA conduct a study to expand AFI searches between the SSI initial application and subsequent eligibility redeterminations. SSA agreed with both recommendations.<sup>15</sup>

## Scope and Methodology

From 1 segment of the Modernized SSI Claims System, we identified 54,912 recipients who had initial claims, PERCs, or redetermination reviews in FY 2022 and alleged having financial account balances totaling less than \$400. To test the accuracy of the allegations, we selected a stratified random sample of 140 recipients (21 initial claims, 9 PERCs and 110 redeterminations) and compared their financial account allegations to actual financial account balances obtained via the AFI application.<sup>16</sup> For initial claims, we counted differences between the alleged and verified financial account balances of \$100 or more during the month of application. For pre-effectuations and redeterminations, we counted differences that were \$100 or more for each month addressed by the reviews.<sup>17</sup> In addition, we determined whether SSA staff assessed overpayments based on AFI development.

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<sup>14</sup> SSA, OIG, *The Social Security Administration's Compliance with the Payment Integrity Information Act of 2019 in Fiscal Year 2020*, A-15-20-50949, p.7 (May 2021); *The Social Security Administration's Compliance with the Payment Integrity Information Act of 2019 in Fiscal Year 2021*, A-15-21-51121, p.5 (May 2022); *Compliance with the Payment Integrity Act of 2019 in the Fiscal Year 2022*, A-15-22-51183, p. 5 (May 2023); and *The Social Security Administration's Compliance with the Payment Integrity Information Act of 2019 in Fiscal Year 2023*, 152309, p.4 (May 2024).

<sup>15</sup> In December 2023, SSA informed us it planned to begin its expansion study in the third quarter of FY 2024. However, it later informed us the plans to assess the feasibility of reducing the AFI liquid resource tolerance were on an indefinite hold because of competing priorities, resources, and service issues. SSA reported it planned to evaluate annually to determine the appropriate time to conduct the study.

<sup>16</sup> SSA received complete AFI reports for 113 of 140 recipients. For the remaining 27, the AFI reports were not obtained because the recipient did not grant SSA permission to request AFI; field offices had jurisdiction over the pending claim; the recipient did not meet medical necessity for SSI; or the financial institution did not respond. The 113 recipients were within the proper range to be considered a representation of the population.

<sup>17</sup> We considered the exclusion of SSA payments received at the end of the preceding month potentially reflected in recipients' financial account balances as of the first of the month.

## RESULTS OF REVIEW

SSA's SSI financial account validation process for applicants and recipients who alleged having less than \$400 in financial accounts did not always lead to accurate SSI determinations. SSA's process led it to make inaccurate SSI resource determinations for 27 of the 140 recipients reviewed, paying them \$130,430 in SSI payments they were not eligible to receive. Based on these sample results, we estimate SSA incorrectly made SSI resource determinations that led to 198,960 recipients receiving \$718 million in SSI payments for which they were not eligible.

SSA's policy did not require that it validate the recipients' financial account balances because they alleged having less than \$400 in liquid resources. The AFI reports we requested identified 102 of 140 applicants/recipients under-reported their financial account balances by \$100 or more. Additionally, the AFI reports showed 28 of the applicants/recipients owned financial accounts of which SSA was unaware. Based on these sample results, we estimate that 800,140 applicants/recipients under-reported their financial account balances to SSA by \$100 or more, with 219,640 applicants/recipients failing to report all the financial accounts they owned.

### Recipients' Financial Accounts

#### *Recipients' Financial Account Balances*

Of the 140 recipients reviewed, 102 under-reported their financial account balances to SSA by \$100 or more for at least 1 month. Because the recipients alleged they had financial account balances under the \$400 tolerance level, SSA employees were not required to verify the alleged liquid resource amounts, so the recipients' allegations were accepted and used to determine their SSI eligibility. Had employees requested AFI reports, they would have been able to identify the differences in alleged and actual account balances. For example:

- An applicant filed an initial claim in May 2022, which was approved in December 2022. When she applied, she alleged she had \$200 in one financial account. Because her alleged balances were less than \$400, SSA employees did not request an AFI report, and her claim was approved. In August 2023, SSA employees requested an AFI report as part of our audit. The AFI report showed the applicant under-reported her financial account balance and failed to report three additional financial accounts she owned. The balance of these accounts exceeded the \$2,000 SSI resource limit. SSA determined she had been ineligible for SSI payments totaling \$7,840 from September 2022 through August 2023.
- In March 2022, during a redetermination, a recipient alleged she owned one financial account with a \$0 balance and another with a \$5 balance. Based on her alleged balance, SSA employees were not required to request a AFI report and closed her redetermination with SSI eligibility continuing. However, in August 2023, an AFI report was requested as part of our audit and, upon reviewing it, SSA employees determined the recipient under-reported her financial account balance. Her actual financial account balance brought her over the SSI resource limit from August 2021 to November 2022, making her ineligible for the \$2,900 SSI payments she had received for those months.

## ***Number of Financial Accounts Owned***

Of the 102 recipients who under-reported financial account balances, 28 owned a total of 59 financial accounts about which SSA was unaware. While recipients are required to accurately disclose whether their name appears on financial accounts, they were able to conceal their financial accounts because the SSI financial account validation process only requires that SSA employees verify financial account allegations of \$400 or more. For example:

- In a May 2022 redetermination, an SSI recipient alleged she owned one financial account with a balance that did not exceed \$20 from July 2021 to June 2022 and had a \$0 balance from July 2022 to August 2023. In August 2023, SSA employees requested an AFI report as part of our audit. The report showed the recipient under-reported the balance for the financial account which SSA knew. It also showed the recipient owned four financial accounts she had not reported to SSA. When we considered all financial account balances, their total balance exceeded the \$2,000 resource limit for 4 months, which made the recipient ineligible for the \$2,450 in SSI payments she received for those months.
- In a January 2022 redetermination, an SSI recipient alleged she owned one financial account that had a \$0 balance. In August 2023, the AFI report requested as part of our audit showed (1) she under-reported the balance for the financial account of which SSA was aware and (2) owned an additional financial account she had not reported to SSA. When we considered the balances of both financial accounts, their total balance exceeded the \$2,000 resource limit for 4 months, which made the recipient ineligible for \$3,360 in SSI payments she received for those months.

## ***Inaccurate Supplemental Security Income Determinations***

Based on our audit, SSA requested AFI reports for our sampled 140 recipients.<sup>18</sup> Once SSA receives the AFI reports it automatically updates its systems with the recipients' records, and the systems generate an alert when the added financial account balance information appears to bring a recipient over the SSI resource limit. SSA employees reviewed these system alerts to determine whether the recipients' SSI eligibility had been affected by the actual account balance information.

SSA employees determined, through their reviews, that 27 of the 140 recipients in our sample were over the resource limit based on the AFI reports, and that they received \$130,430 in SSI payments for which they were not eligible. The employees updated SSA records to include the overpayments they identified and SSA had begun its efforts to collect the overpayments.

After SSA employees completed their determinations, we reviewed them in SSA's systems to validate the work performed and the determinations reached, and we agreed with SSA's determinations.

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<sup>18</sup> SSA received complete AFI reports for 113 of 140 recipients. For the remaining 27, the AFI reports were not obtained because the recipient did not grant SSA permission to request AFI; field offices had jurisdiction over the pending claim; the recipient did not meet medical necessity for SSI; or the financial institution did not respond.

## Access to Financial Institutions Tolerance

Per SSA, since FY 2007, financial accounts with countable resources in excess of the SSI allowable resource limit has been the leading cause of overpayments in the SSI program.<sup>19</sup> For FYs 2018 through 2022, overpayments due to financial accounts that exceed the countable resource limit averaged approximately \$1.4 billion per year and represented 29 percent of all overpayments SSA made. For this period, 98 percent of financial account overpayments were made when recipients<sup>20</sup> failed to report either accounts unknown to SSA or increases in the balances of previously identified accounts.<sup>21</sup>

Because SSA and OIG prior reviews suggest a reduction of the AFI tolerance would reduce improper payments related to financial accounts, we asked the Agency why additional research is needed to reduce the AFI tolerance. It responded:

*Reducing the SSI resource tolerance used for AFI to zero would involve a very large increase in the total number of AFI queries, as most beneficiaries and applicants have alleged resources under \$400. Because of this, it would require a re-negotiation of our AFI contract with the vendor, increasing the contract cost. It would also increase the redeterminations and initial claims workloads for field office technicians. Because there would be significant costs associated with the change, a focused study is desirable to quantify and accurately compare the costs and benefits.*

While the Agency indicates more studies are needed, SSA and our reports, over the last 14 years, have cited financial account deficiencies as a leading cause of SSI overpayments and the need to reduce SSA's reliance on SSI recipients' self-reports of financial account balances which has led to inaccurate SSI determinations.

## CONCLUSION

SSA's process of not conducting an AFI unless an SSI recipient claims to have \$400 or more in liquid resources is still resulting in incorrect SSI determinations over a quarter of the time.<sup>22</sup> This is a repeat finding and supports SSA's own internal findings that the expansion of the AFI program may prevent or lead to fewer overpayments. SSA agreed to conduct a study in determining the cost benefit of expanding the AFI program for SSI beneficiaries but has consistently put it as a low priority. We believe that removing the tolerance limit for when SSA requests an AFI report would lead to fewer overpayments and greatly improve SSA's stewardship of the SSI program.

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<sup>19</sup> SSA, *Fiscal Year 2023 Improper Payments Oversight Board, Improper Payments Alignment Strategy, Financial Accounts*, p. 5 (September 2023). The statutory SSI resource limits are \$2,000 for individuals and \$3,000 for couples. SSA, *POMS*, SI 01110.003 (June 2, 2000).

<sup>20</sup> Each reference to SSI applicants/recipients also applies to representative payees and deemors.

<sup>21</sup> SSA, *Fiscal Year 2022 Title XVI Payment Accuracy Report*, p. 4 (May 2023).

<sup>22</sup> SSA, *Fiscal Year 2023 Improper Payments Oversight Board, Improper Payments Alignment Strategy, Financial Accounts*, p. 5 (September 2023).

## **RECOMMENDATION**

We recommend SSA lower its \$400 resource-level tolerance for AFI application use to \$0 to help ensure more accurate SSI resource determinations when processing initial claims, PERCs, and redeterminations.

## **AGENCY COMMENTS AND THE OFFICE OF INSPECTOR GENERAL RESPONSE**

SSA disagreed with our recommendation. SSA stated it “agreed to complete an expansion study for AFI and assess the effectiveness of lowering the countable liquid resource tolerance to \$0” in response to a previous audit. The Agency originally planned to conduct that study in FY 2023. However, the Agency cited “resource restraints and competing priorities” as reasons that it did not complete the study, stating that it plans to conduct the study in FY 2025. The Agency’s full comments are included in Appendix C.

As noted in this report, SSA’s financial account validation process leads to overpayments that SSA could prevent if it lowered the resource tolerance. Of the individuals we sampled, nearly three-quarters under-reported their financial account balances, and SSA overpaid nearly one-fifth. We estimate overpayments related to incorrect resource determinations totaled \$718 million. Additionally, as noted in its response, SSA first acknowledged this concern in response to an audit issued in May 2022, but has yet to take action to address it. Based on these findings, we believe SSA needs to implement our recommendation or prioritize the completion of its study to assess the effectiveness of lowering the countable liquid resource tolerance.

# ***APPENDICES***

## Appendix A – SCOPE AND METHODOLOGY

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To accomplish our objective, we:

- Reviewed applicable sections of the *Social Security Act* and Social Security Administration’s (SSA) regulations, rules, and *Program Operations Manual System*.
- Reviewed prior SSA and Office of the Inspector General reports and studies conducted on Supplemental Security Income (SSI) redeterminations, resource limits, and the Access to Financial Institutions (AFI) application.
- Met with SSA subject-matter experts to gather information and requested additional information about SSI eligibility and AFI requirements, AFI controls and use, SSA’s understanding of AFI costs/savings, and SSI requirements and limitations.
- From 1 segment of the Supplemental Security Record and the SSI Claims Experience system, we identified 54,912 recipients who had initial claims, pre-effectuation review contacts (PERC), or redetermination reviews in Fiscal Year 2022 and alleged having financial accounts totaling less than \$400 as noted in Modernized SSI Claims System resource data.
- From the 54,912 recipients, we selected a proportionate stratified random sample of 140 cases by the type of review (see Table A-1).

**Table A–1: Sample Size by Strata**

<b>Claim Type</b>	<b>Population</b>	<b>Sample Size</b>
Initial Claim	8,379	21
PERC	3,338	9
Redetermination	43,195	110
<b>Total</b>	<b>54,912</b>	<b>140</b>

- For sampled cases, we counted the differences between the alleged and verified financial account balances of \$100 or more during the month of application for initial claims and for PERCs and redeterminations, we counted differences that were \$100 or more for the months covered by the PERCs and redeterminations. We also considered the exclusion of SSA payments received at the end of the preceding month potentially reflected in recipients’ financial account balances as of the first of the month.
- To determine alleged and AFI-based financial account balances, we reviewed the following:
  - AFI application,
  - Consolidated Claims Experience,
  - Evidence Portal,
  - Online Retrieval System, and
  - Supplemental Security Record.

We assessed the significance of internal controls necessary to satisfy the audit objective. This included an assessment of the five internal control components, including control environment, risk assessments, control activities, information and communication, and monitoring. In addition, we reviewed the principles of internal controls as associated with the audit objective.

We identified the following five components and nine principles as significant to the audit object.

- Component 1: Control Environment
  - Principle 2: Exercise oversight responsibility
  - Principle 5: Enforce accountability
- Component 2: Risk Assessment
  - Principle 7: Identify, analyze, and respond to risk
  - Principle 8: Assess fraud risk
  - Principle 9: Analyze and respond to change
- Component 3: Control Activities
  - Principle 10: Design control activities
  - Principle 12: Implement control activities
- Component 4: Information and Communication
  - Principle 13: Use quality information
- Component 5: Monitoring
  - Principle 17: Remediate deficiencies

We conducted our review between October 2022 and March 2024. We assessed the reliability of the data by (1) reviewing existing information about the data and the systems that produced them, (2) tracing a statistically random sample of data to source documents, and (3) interviewing subject-matter experts about the data. We found the data used for this audit to be sufficiently reliable to meet our audit objective. Further, any data limitations were minor in the context of this assignment, and the use of data should not lead to an incorrect or unintentional conclusion. The principal entity audited was the Office of Operations 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 objective. We believe the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.



## Appendix B – SAMPLING RESULTS AND PROJECTIONS

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From 1 segment of the Supplemental Security Record and the Supplemental Security Income (SSI) Claims Experience system, we identified 54,912 recipients who had initial claims, pre-effectuation review contacts, or redetermination reviews in Fiscal Year 2022 and alleged having financial account balance totaling less than \$400. From the 54,912 recipients, we selected a proportionate stratified random sample of 140 cases by the type of review, see Table B-1.

**Table B–1: Sample Size by Strata**

Claim Type	Population	Sample Size
Initial Claim	8,379	21
PERC	3,338	9
Redetermination	43,195	110
<b>Total</b>	<b>54,912</b>	<b>140</b>

### Sample Results and Projections

Of the 140 recipients sampled:

- SSA determined 27 had inaccurate SSI determinations and received \$130,430 in SSI payments to which they were not eligible.
- 102 under-reported their financial account balances by \$100 or more to the Social Security Administration (SSA) for at least 1 month.
  - 28 of the 102 applicants/recipients reviewed owned financial accounts of which SSA was unaware, the AFI application identified a total of 59 undisclosed financial accounts for these 28 recipients.

Based on our sample results, we estimate (1) 800,140 recipients inaccurately reported to SSA that they had less than \$400 in financial accounts; (2) 198,960 recipients were overpaid approximately \$718 million because they were over the SSI resource limit when their actual financial account balances were considered; and (3) that 219,640 recipients who alleged having financial account balances of less than \$400 had financial accounts that they did not report to SSA (see Table B–2: ).

**Table B–2: Sample Results**

<b>Description</b>	<b>Under-reported Financial Accounts</b>	<b>Assessed an Overpayment</b>	<b>Total Overpayments</b>	<b>Undisclosed Financial Accounts</b>
Sample Results	102	25 <sup>1</sup>	\$90,166.68 <sup>2</sup>	28
Point Estimate	40,007	9,948	\$35,878,498	10,982
Projection – Lower Limit	36,240	7,098	\$19,814,925	8,023
Projection – Upper Limit	43,368	13,379	\$51,942,071	14,480
Projection (Quantity x 20 Segments)	800,140	198,960	\$717,569,960	219,640

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

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<sup>1</sup> We excluded two cases from the unrestricted attribute appraisal projection for the number of recipients assessed an overpayment because the overpayments were considered outliers.

<sup>2</sup> We excluded \$40,263.55 in overpayments for two cases from the unrestricted variable attribute projection the total overpayments because the overpayments were considered outliers.

## Appendix C – AGENCY COMMENTS

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### SOCIAL SECURITY

#### MEMORANDUM

Date: September 16, 2024 Refer To: TQA-1

To: Michelle L. H. Anderson  
Acting Inspector General

From: Dustin Brown   
Acting Chief of Staff

Subject: Office of the Inspector General Draft Report, "Supplemental Security Income Recipients who Under-report Financial Account Balances" (A-02-21-51028) -- INFORMATION

Thank you for the opportunity to review the draft report.

We disagree with the recommendation to lower our \$400 resource-level tolerance for AFI application use to \$0. In response to a 2022 audit, "The Social Security Administration's Compliance with the Payment Integrity Information Act of 2019 in Fiscal Year 2021" (A-15-21-51121), we agreed to complete an expansion study for AFI and assess the effectiveness of lowering the countable liquid resource tolerance to \$0.

Originally, we planned to conduct that study in fiscal year (FY) 2023.; however, resource constraints and competing priorities did not allow us to complete that study on time. We believe a study is necessary to understand the administrative costs and program impacts before adjusting the AFI tolerance to zero. Therefore, we reassert our commitment to conduct the study in FY 2025.

Please let me know if I can be of further assistance. You may direct staff inquiries to Hank Amato at (407) 765-9774.



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