

SOCIAL SECURITY ADMINISTRATION

Review Report

SUPPLEMENTAL SECURITY INCOME/ STATE SUPPLEMENTARY PAYMENT (SSI/SSP) PROGRAM

SSI/SSP Payments Made to Recipients in County Jail Facilities

October 1, 2004, through March 31, 2006



JOHN CHIANG
California State Controller

April 2007



JOHN CHIANG
California State Controller

April 17, 2007

The Honorable Michael J. Astrue
Commissioner
Social Security Administration
6402 Security Boulevard
Baltimore, MD 21235-0001

Richard Helton, Chief
Information Security and Audit Bureau
California Department of Social Services
744 P Street MS 19-58
Sacramento, CA 95814

Dear Mr. Astrue and Mr. Helton:

The State Controller's Office (SCO) conducted a review of the Social Security Administration's (SSA) administration of the Supplemental Security Income/State Supplementary Payment (SSI/SSP) program payments made to recipients incarcerated in California county jail facilities. The review primarily focused on the effectiveness of the SSA's Prisoner Reporting Incentive Payment (PRIP) Program in preventing overpayment to prisoners. The review covers the period of October 1, 2004, through March 31, 2006.

The SCO review encompassed 8 of the 56 California counties participating in the PRIP program. During the 18-month period covered under our review, the PRIP program identified a total of 3,938 positive matches of prisoners who were apparently continuing to receive SSI/SSP payments while in prison. From the list of 3,938 prisoners, the SCO selected a sample of 539 prisoners' (14%) records for review and analysis.

The SCO review identified a total of \$413,995 in overpayments to 257 of the 539 prisoners included in the review sample. In four cases, prisoners continued to receive overpayments after being sent from county jails to state prisons. Overpayments were primarily the result of the participating counties' failures to promptly report prisoners' confinement data to the SSA, as well as the failure of the SSA field office personnel to stop overpayments after being notified in a timely manner.

A draft version of the report was provided to the SSA and the California Department of Social Services (CDSS) for review and response. In its response, the SSA agreed with the recommendations made in our report, but raised issues about our sampling methodology. The SSA response is included in this report as Attachment A and our comments on some of the issues raised in the SSA's response is included as Attachment B. In its response included as Attachment C, the CDSS concurred with our recommendation. The CDSS also stated that there are no provisions under the terms of the contract or federal regulations for the State to impose any changes in SSA's operational procedures, or for the SSA to have any federal fiscal liability for incorrect SSP payments.

If you have any questions, please contact me at (916) 324-1696.

Sincerely,

Original signed by:

JEFFREY V. BROWNFIELD
Chief, Division of Audits

Contents

Review Report

Results in Brief	1
Introduction	1
Program Background	2
Objectives, Scope, and Methodology	3
Conclusion	4
Views of Responsible Officials	5
Restricted Use	5
Schedule 1—SSI/SSP Overpayments (Participating Counties)	6
Schedule 2—By-County Comparison of Average Days of Overpayment and Average Days the County Reported Prisoners’ Confinement Data to the Social Security Administration	7
Schedule 3—SSI/SSP Overpayments (Non-participating Counties)	8
Findings and Recommendation	9
Attachment A—Social Security Administration’s Response to Draft Review Report	
Attachment B—SCO Auditors’ Comments on the Social Security Administration’s Response	
Attachment C—California Department of Social Services’ Response to Draft Review Report	

Review Report

Results in Brief

The State Controller's Office (SCO) reviewed the Social Security Administration's (SSA) payments made to recipients residing in county jail facilities for the Supplemental Security Income/State Supplementary Payment (SSI/SSP) program for the period of October 1, 2004, through March 31, 2006. The review primarily focused on the effectiveness of the SSA's Prisoner Reporting Incentive Payment (PRIP) Program in preventing overpayment to prisoners. The last day of fieldwork was March 6, 2007.

The SCO review encompassed 8 of the 56 California counties participating in the PRIP program. During the 18-month period covered under the SCO review, the PRIP program identified a total of 3,938 prisoners who were apparently continuing to receive SSI/SSP payments while in prison in the eight counties. From the list of 3,938 prisoners, the SCO selected a sample of 539 prisoners' (14%) records for review and analysis.

The SCO review identified a total of \$413,995 in overpayments to 257 of the 539 prisoners included in the review sample. The total included \$272,849 in federal (SSI) overpayments and \$141,146 in state (SSP) overpayments. Overpayments occurred when the recipients continued to receive SSI/SSP payments after being incarcerated for 30 days or more. If this sample were statistically representative of the SSI/SSP payment patterns to the counties' prisoner populations, the total amount of overpayment at the eight counties would be approximately \$3 million over the 18-month period of the SCO review.

Overpayments were primarily the result of the counties' failure to promptly report prisoners' confinement data to the SSA, as well as the failure of SSA field office personnel to stop overpayments in a timely manner.

These SSI/SSP overpayments are discussed further in the Finding and Recommendation section of this report.

Introduction

The SCO conducted a review of the Social Security Administration's (SSA) Prisoner Reporting Incentive Payment (PRIP) Program for prisoners receiving cash payments under the Supplemental Security Income/State Supplementary Payment (SSI/SSP) program. The SSI/SSP program provides monthly payments to the aged (65 or older), blind, or disabled who have little or no income or resources. The SSI program is the federal income maintenance program. California augments the SSI payments with an additional SSP payment. The combined SSI/SSP payment is intended to cover the recipient's basic needs and living expenses.

A recipient's living expenses should decrease considerably when the recipient enters a county jail facility. Thus, federal and state regulations stipulate that a recipient's monthly SSI/SSP payment should be suspended when he or she is incarcerated. To encourage the counties to

provide timely information so that jailed individuals' payments can be promptly suspended, the SSA instituted a Prisoner Reporting Incentive Payment Program whereby the counties receive payments for positive matches of jailed inmates receiving SSI/SSP payments.

Under the State Controller's authority pursuant to *Government Code* Section 12410, the SCO conducted the review of the Prisoner Reporting Incentive Payment Program to assess the adequacy of control in identifying and suspending overpayment of SSI/SSP program payments to individuals incarcerated in county jails.

Program Background

The SSI/SSP payment program is prescribed under Title XVI of the Social Security Act. The statute authorizes federally funded Supplemental Security Income (SSI) for the aged, blind, and disabled who meet certain eligibility requirements. The statute also provides the states with an option to make State Supplemental Payments (SSP) in conjunction with the federal payments. Under an agreement with the State, the Social Security Administration (SSA) administers the SSI/SSP program in California and determines eligibility of the claimants, makes the payments, and maintains a master record of all recipients. California reimburses the federal government for the amount of SSP payments made on the state's behalf. The California Department of Social Services is responsible for monitoring federal administration of the SSI/SSP program in California.

During the 2005-06 state fiscal year, California spent approximately \$3.5 billion in SSP payments made through the SSA. Currently, each California recipient receives a maximum of \$836 in combined monthly payments (\$603 for SSI and \$233 for SSP) under this program.

When a recipient is incarcerated in a public institution for longer than 30 days, his/her SSI/SSP payment should be suspended for the subsequent full months of incarceration under the following provisions of the Social Security Act.

Section 202(x)(1)(a):

Notwithstanding any other provision of this title, no monthly benefits shall be paid under this section or under Section 223 to any individual for any month ending with or during or beginning with or during a period of more than 30 days throughout all of which such individual- (i) is confined in a jail, prison, or other penal institution or correctional facility pursuant to his conviction of a criminal offense.

Section 1611(e)(1)(A):

Except as provided in subparagraphs (B), (C), (D), (E) and (G), no person shall be an eligible individual or eligible spouse for purposes of this title with respect to any month if throughout such month he is an inmate of a public institution.

In order to suspend payments, the SSA needs accurate and timely information from the states or local jurisdictions as to when an individual has been incarcerated. Accordingly, the SSA initiated the PRIP program

to obtain data on individuals incarcerated after March 1, 1997. Under this program, the SSA entered into agreements with participating jurisdictions whereby the jurisdictions provide the SSA with a confinement report containing relevant information when an individual is incarcerated. The SSA runs computerized matches against its master file of SSI/SSP recipients to identify the individuals ineligible for payments. For each ineligible individual identified, the participating jurisdiction receives a \$400 incentive payment if the confinement report is received in the same calendar month or the following month of confinement. The incentive payment is \$200 if the confinement report is received during the second or third month following the month of confinement.

The SSA generates a Monthly Prisoner Matching Report showing positive matches of incarcerated individuals who continue to receive SSI/SSP payments in each county. For each potentially ineligible recipient, the SSA creates an alert, which is routed to an SSA field office or an SSA program service center, where a technician determines whether to suspend payments. When the technician determines that an individual has been overpaid, he or she quantifies the amount of overpayment and initiates action to recoup the amount overpaid by offsetting it against future SSI/SSP payments to that individual.

During the 2005-06 state fiscal year, 56 of 58 California counties entered into agreements with the SSA to participate in the PRIP program. The two non-participating counties are Mendocino County and Sierra County.

Objectives, Scope, and Methodology

The SCO review was conducted to ensure that the SSA's system contains adequate controls to prevent improper SSI/SSP payments to incarcerated individuals. From the 56 participating counties in California, the SCO auditors selected for review the confinement reports of the following eight counties.

- Alameda County
- Contra Costa County
- Fresno County
- Los Angeles County
- San Bernardino County
- San Francisco County
- San Joaquin County
- Shasta County

During the review, the SCO auditors:

- Reviewed laws, regulations, and other pertinent documents related to the SSI/SSP program and the Prisoner Reporting Incentive Payment Program.
- Interviewed officials from the selected counties and reviewed pertinent documents such as agreements and correspondence between the SSA and the counties to gain an understanding of the counties' systems and procedures.

- Performed tests of transactions to determine the accuracy and timeliness of data submitted by the counties to the SSA through the confinement reports.
- Obtained and reviewed the SSA's Monthly Prisoner Matching Reports at each county from October 1, 2004, through March 31, 2006. Over the 18-month period at the eight selected sample counties, the SSA's computerized matching report identified a total of 3,938 positive matches of incarcerated recipients who may be receiving SSI/SSP payments. From this population, the SCO auditors chose a sample of 539 recipients (14%) by selecting the month in which the SSA report showed the most number of positive matches at each county.
- Obtained from the SSA headquarters in Baltimore, Maryland a Social Security Income Display (SSID) report for each of the 539 recipients included in the sample. The SSID report provides the recipients' SSI/SSP payment history.
- Calculated the amount of overpayments by comparing the recipients' payment history against the confinement records at the counties. The records show, among other things, the incarceration date and the release date or the date on which the individual was transferred to a state prison.
- Contacted the SSA field office to inquire about delays by the office in taking action to stop payments for each recipient who received an overpayment for 100 days or more.

In addition, the SCO auditors tested the effectiveness of the SSA's system and procedures used in identifying overpayments to recipients at the two counties (Sierra County and Mendocino County) that are not participating in the PRIP program. Through computerized match against SSA's records, the SCO auditors found that only 43 prisoners at these two counties received SSI/SSP payments during the 18-month period of the SCO review. The SCO compared SSID payment history against confinement records of all 43 individuals.

Conclusion

Based on a sample of 539 of 3,938 positive matches (14%) from the eight selected counties, the review found that the SSA made overpayments to 257 prisoner recipients totaling \$413,995 (\$272,849 in federal overpayments and \$141,146 in state overpayments). If this sample were statistically representative of the SSI/SSP payment patterns to the counties' prisoner populations, the total amount of overpayment at the eight participating counties would be approximately \$3 million over the 18-month period of the SCO review. The review also found that the overpayments were primarily the result of the counties' failure to promptly report prisoners' confinement data to the SSA, and the failure of SSA field office personnel to stop overpayments in a timely manner.

At the two non-participating counties, the SCO review found that three of the 43 prisoners received overpayments totaling \$6,568 (\$1,744 in federal overpayments and \$4,824 in state overpayments). Although these

two counties do not participate in the PRIP program, the SSA relies on other means to identify county prisoners receiving SSI/SSP payments in order to prevent significant overpayments to those prisoners.

These matters are discussed further in the Findings and Recommendation section of this report.

Views of Responsible Officials

In a telephone exit conference on March 6, 2007, we discussed the review results with following Social Security Administration (SSA) representatives:

Joellen Felice, Deputy Associate Commissioner
Michael Zambonato, Senior Program Policy Advisor
Brian Cronin, Director, Office of Payment Policy
Gareth Dence, Team Leader
Judy Sale, Program Policy Analyst

In addition, we provided a draft version of the report to the SSA and the California Department of Social Services (CDSS) for review and response. The SSA's response is included as Attachment A and our comments on some of the issues raised in the SSA's response is included as Attachment B. The CDSS's response is included as Attachment C.

Restricted Use

This report is solely for the information and use of the Social Security Administration, the Department of Social Services, and the State Controller's Office; it is not intended to be and should not be used by anyone other than these specified parties. This restriction is not intended to limit distribution of this report, which is a matter of public record.

Original signed by:

JEFFREY V. BROWNFIELD
Chief, Division of Audits

**Schedule 1—
SSI/SSP Overpayments (Participating Counties)
October 1, 2004, through March 31, 2006**

Participating County Facility	Month(s) Sampled	Total Prisoners Sampled	Total Prisoners Receiving Overpay- ments	Prisoners Who Received Overpayments and Were Transferred to State Prison	Average Days of Overpay- ment	Federal Overpay- ment	State Overpay- ment	Total Federal and State Overpay- ment
Alameda County Sheriff	July 2005	73	25	5	60	\$ 25,669	\$ 11,339	\$ 37,008
Contra Costa County Sheriff	September 2005 and August 2004	29	12	0	100	19,404	10,746	30,150
Fresno County Sheriff	March 2006	18	4	0	54	4,746	2,124	6,870
Los Angeles County Sheriff	September 2005	258	115	33	63	106,639	56,148	162,787
San Bernardino County Sheriff	July and October 2005	98	70	11	80	80,145	43,203	123,348
San Francisco County Sheriff	February 2005	28	15	1	60	14,777	7,993	22,770
San Joaquin County Sheriff	October 2005	22	10	1	90	16,022	7,108	23,130
Shasta County Sheriff	March 2006	13	6	4	32	5,447	2,485	7,932
Total		<u>539</u>	<u>257</u>	<u>55</u>	<u>63</u> (Average) ¹	<u>\$ 272,849</u>	<u>\$ 141,146</u>	<u>\$ 413,995</u>

¹ Weighted average based on the number of prisoners sampled at each county.

**Schedule 2—
By-County Comparison of Average Days of Overpayment and
Average Days the County Reported Prisoners' Confinement Data
to the Social Security Administration
October 1, 2004, through March 31, 2006**

<u>Participating County Facility</u>	<u>Total Prisoners Sampled</u>	<u>Total Prisoners Reported to SSA Within 30 Days of Confinement ¹</u>	<u>Average Days of Overpayment ²</u>	<u>Average Days Between Confinement and County Report to SSA ³</u>
Alameda County Sheriff	73	69	60	17
Contra Costa County Sheriff	29	14	100	30
Fresno County Sheriff	18	17	54	13
Los Angeles County Sheriff	258	253	63	16
San Bernardino County Sheriff	98	6	80	42
San Francisco County Sheriff	28	25	60	15
San Joaquin County Sheriff	22	1	90	40
Shasta County Sheriff	<u>13</u>	<u>11</u>	<u>32</u>	<u>19</u>
Total	<u>539</u>	<u>396</u>	<u>63</u> (Average) ⁴	<u>22</u> (Average) ⁴

¹ Represents the number of prisoners who were reported to SSA by the county within 30 days of the confinement date.

² Average number of days prisoners were overpaid after 30-day reporting period had passed.

³ Average number of days it took the participating county to submit prisoner data to SSA headquarters.

⁴ Weighted average based on the number of prisoners sampled at each county.

**Schedule 3—
SSI/SSP Overpayments (Non-participating Counties)
October 1, 2004, through March 31, 2006**

<u>Participating County Facility</u>	<u>Month(s) Sampled</u>	<u>Total Prisoners Sampled</u>	<u>Total Prisoners Receiving Overpayments</u>	<u>Prisoners Transferred to State Prison</u>	<u>Average Days of Overpayment</u>	<u>Federal Overpayment</u>	<u>State Overpayment</u>	<u>Total Federal and State Overpayment</u>
Mendocino County Sheriff	Various	42	3	0	80	\$ 1,744	\$ 4,824	\$ 6,568
Sierra County Sheriff	Various	1	0	0	0	—	—	—
Total		<u>43</u>	<u>3</u>	<u>0</u>	<u>80</u>	<u>\$ 1,744</u>	<u>\$ 4,824</u>	<u>\$ 6,568</u>

Findings and Recommendation

FINDING 1— SSA is making overpayments for SSI/SSP recipients incarcerated in county jail facilities

Of a sample of 539 prisoners from the eight participating counties, the SCO review found that 257 prisoners received overpayments totaling \$413,995 during the 18-month review period. The total includes \$272,849 in federal (SSI) overpayments and \$141,146 in state (SSP) overpayments. Overpayments occurred when a recipient continued to receive SSI/SSP payments after being incarcerated in a county jail for longer than 30 days.

Schedule 1 provides the total amount of overpayments identified at each of the eight participating counties selected for review. The average days of overpayment ranged from 32 days to 100 days at the eight counties. The highest amount of overpayment went to a prisoner in the San Bernardino County jail, who was overpaid for 181 days, for a total of \$4,872 (\$3,474 in federal overpayment and \$1,398 in state overpayment).

If this sample were statistically representative of the SSI/SSP payment patterns to the counties' prisoner populations, the total amount of overpayment of the eight counties would be approximately \$3 million over the 18-month period of the SCO review.

When a recipient is overpaid, the SSA can recoup the overpaid amount by reducing the individual's future SSI/SSP benefits through payment offsets. The review found that the SSA did take action to recoup overpayments when it was able to do so. However, not all individuals continue to receive SSI/SSP payments after leaving county jails—especially not those who are transferred to state prisons. Of the 257 prisoners in the SCO sample who received overpayments, 55 were sent from county jails to state prisons and thus were not entitled to receive SSI/SSP payment in the foreseeable future, if ever. Moreover, of the 55 individuals who were sent to state prisons, four continued to receive payments. In total, these four prisoners received \$6,184 in overpayments while incarcerated in state prisons.

The SCO review found the primary causes of overpayments to be:

- **Some counties do not promptly report prisoners' confinement data to the SSA.** Schedule 2 provides a summary of the number of days required for the eight counties to report prisoners' confinement data to the SSA. Based on the 539 prisoners sampled, the average reporting period ranged from a low of 13 days at Fresno County to a high of 42 days at San Bernardino County. In 17 of 18 cases (94%), Fresno County reported prisoner confinement data to the SSA within 30 days of confinement. Los Angeles County, which has the highest prisoner population, was able to report confinement data within 30 days in 253 of 258 cases (98%) by compiling data on a centralized county system using an online interface that allows separate departments to input prisoner data directly into the system. San Bernardino County reported only 6 of 98 (6%) cases within 30 days. The timeliness of the counties' reports directly impacted the SSA's ability to promptly stop payments. As shown in Schedule 2, the

three counties (San Bernardino, San Joaquin, and Contra Costa) that had the highest average of days in reporting confinement data to the SSA also had the highest average days of overpayments.

- **After being alerted about overpayments, personnel at SSA field offices did not always take prompt action to stop payments.** Of the 257 prisoners in the SCO sample who received overpayments, 15 were incarcerated for more than 100 days. For each of the 15 prisoners, the SCO auditors contacted the SSA field office that was responsible for taking action to stop payment to inquire about the delay. None of the field offices could provide a valid reason for the processing delay. At one of the field offices, personnel stated in an e-mail that they had simply “dropped the ball” on this matter. Personnel at other field offices blamed “processing delays” or said they did not know why the delay occurred. In the aforementioned case of the prisoner in San Bernardino County jail who was overpaid for 181 days, it took the SSA 147 days to stop payment after being alerted by the county of possible overpayment. In an e-mail response, SSA field office personnel said the office had received an alert on or around June 5, 2005, and that the alert was not cleared until September 16, 2005, because of “a delay in the office.”

**FINDING 2—
SSA apparently has
adequate procedures to
identify and stop
overpayment at the two
non-participating
counties**

The SCO review did not identify a significant amount of overpayments at the two counties (Sierra County and Mendocino County) that do not participate in the PRIP program (see Schedule 3). Even though these two counties did not report prisoners’ confinement data, the SSA field offices apparently were able to detect overpayment by alternative means, such as periodically contacting recipients to re-determine eligibility or contacting the recipient’s representative payee to verify eligibility. The SSA also could obtain eligibility and contact information from other government programs, such as the Food Stamp Program, or when other law enforcement agencies request information about the SSI/SSP recipients. This alternative approach appears to be viable, as the two county jails’ prisoner populations are relatively low.

RECOMMENDATION

The SCO recommends that:

- The SSA work with the participating counties, especially those that do not submit confinement data to the SSA in a timely manner, to explore means to expedite the reporting process; and
- The SSA headquarters more closely monitor the action taken by its field offices to stop payment by requiring each field office to submit a monthly report on the status of the cases identified in the overpayment alerts.

**Attachment A—
Social Security Administration’s
Response to Draft Review Report**



SOCIAL SECURITY

Office of Disability and Income Security Programs

March 29, 2007

Mr. Jerry McClain
Chief, Special Audits Bureau
California State Controller
P.O. Box 942850
Sacramento, CA 94250-5874

Dear Mr. McClain:

Thank you for the opportunity to comment on the California State Controller's Office (SCO) draft report "SSI/SSP Payments Made to Recipients in County Jail Facilities." Your letter to Commissioner Astrue has been referred to my office for a reply. We have both general comments on the report and specific comments on the recommendations.

General Comments

While the report stated that the review was primarily focused on the effectiveness of the Social Security Administration's (SSA's) Prisoner Reporting Incentive Payment (PRIP) program to prevent overpayments to prisoners, the findings and recommendations did not directly address the PRIP program. While not stated specifically, we infer that the auditors found that incentive payments were not sufficient to motivate timely reporting because, in many cases, facilities did not always report timely. This leads to the conclusion that additional efforts need to be made, at both the State and Federal levels, to increase the percentage of timely reports. (1)

Because the report contained neither the specific cases nor details of how the California SCO derived the statistics on timeliness of action, overpayment amounts and overpayment periods, we cannot confirm their accuracy. However, we note that the sample cases do not appear to be a statistically reliable sample for at least two reasons:

- First, there is no indication that the 8 counties were randomly selected out of the 56 participating counties. If the counties were not picked randomly, then there is no statistically reliable method of projecting the results.
- Second, the selection of the 539 recipients who were incarcerated during the 18-month period was not random. For each of the eight counties, the SCO picked the month with the most number of matched recipients. Recipients who were not incarcerated during the highest volume months had a zero probability of selection. (2)

We note that the SCO admits the sample limitations in the conclusion on page 4 in the statement "If this sample were statistically representative . . ." This study indicates that there is a problem in reporting incarcerations and in correcting Supplemental Security Income (SSI) payments but the \$3 million overpayment projection may not be a good estimate of the size of the problem. (3)

The draft report suggests that overpayments occur when a recipient continues to receive SSI/State Supplementation Payments (SSP) after being incarcerated in a county jail for longer than 30 days. However, according to section 1611(e)(1)(A) of the Social Security Act, a person is ineligible for SSI/SSP payments when he/she is an inmate of a public institution (e.g., correctional institution) **throughout** a month. The definition of "throughout a month" means the entire period of time from the first moment of the first day of a calendar month through the last moment of the last day of the month. For example, if an SSI recipient became an inmate of a county jail on February 2, 2007, the SSI recipient would have to remain in the county jail throughout the month of March to meet the "throughout the month" requirement. Therefore, a person could be incarcerated for well over 30 days before being ineligible for payment. (4)

There are issues other than "throughout a month" that SSA must consider before it takes action to stop payment after it receives a prisoner report and which add on case processing time. There are legal requirements that SSA must give notice of a proposed suspension to a recipient and give him/her time to dispute the suspension (i.e., 10 day due process period) before suspending benefits. SSA may also need to investigate an inmate report to ensure that its matching process has identified the correct SSI recipient if information provided by the correctional institution is questionable or missing.

Comments on the Recommendations

The SSA work with the participating counties, especially those that do not submit confinement data to the SSA in a timely manner, to explore means to expedite the reporting process.

This recommendation coincides with current SSA plans for outreach with prisons. The San Francisco Regional Office is planning an outreach campaign through the field offices parallel to each county with the following objectives:

- Getting delinquent reporters with Incentive Payment Memoranda of Understanding (IPMOU) to resume (or, in a couple of cases, begin) reporting regularly.
- Getting reporters with only informal agreements to sign an IPMOU, which is a prerequisite for e-Data reporting. E-Data is a more efficient yet secure means for entities outside of SSA to exchange personal data with us through the Internet.
- Converting cartridge, CD-ROM, and diskette reporters to some other reporting medium, preferably e-Data.
- Encouraging walk-in reporters (i.e., personal delivery by a prison official of reports to an SSA facility) to convert to e-Data.

The planned outreach can be an opportunity to emphasize to the counties that California has a real financial interest (because of the State supplement to Federal SSI benefits and the incentive payments) in timely prisoner reporting. The State could also play an important role in communicating this interest to the Sheriffs and enlisting their cooperation. We have encountered a number of counties in which the Sheriff's Department appears to see prisoner reporting as primarily for SSA's benefit, even with the prospect of incentive payments.

The SSA headquarters more closely monitor the action taken by its field offices to stop payment by requiring each field office to submit a monthly report on the status of the cases identified in the overpayment alerts.

Currently, the regional office monitors prisoner alerts on a quarterly basis to ensure they are worked within 60 days. We plan to increase the frequency of regional monitoring to monthly. This will ensure a better result.

I hope this information is helpful to you. Please let me know if I can be of further assistance.

Sincerely,



Manuel J. Vaz
Acting Deputy Commissioner

cc: Jeffrey Brownfield

Attachment B— SCO Auditors’ Comments on the Social Security Administration’s Response

We are providing the following comments to the Social Security Administration’s (SSA) response to our draft report. The comments below correspond to the numbers we placed in the margins of SSA’s response.

- (1) As stated in our report, in addition to the counties’ failure to promptly report prisoners’ confinement data to the SSA, the failure of SSA field office personnel to take timely action also contributed to the inability of the SSA’s Prisoner Reporting Incentive Payment Program to prevent or reduce overpayments to prisoners.
- (2) According to the U.S. Census Bureau 2005 population estimates, the total population of the eight counties in our review sample represents approximately 47% of California’s population. The sample of 539 recipients represented 14% of identifiable positive matches in the eight counties during the 18-month review period. Even though the sample was not selected randomly, it provides ample evidence to support the findings and conclusion in our report as well as the pattern and trend of overpayments in California.
- (3) The \$3 million overpayment figure at the eight sample counties over the 18-month period is a conservative estimate. We derived the estimate by applying the amount of overpayment to the sample of 539 recipients to the 3,938 identifiable positive matches (14%) of prisoners who continued to receive SSI/SSP benefits while in prison. In actuality, the total number of positive matches over the 18-month review period was much higher because Los Angeles County could not locate its match reports showing the number of positive matches for 10 of the 18 months in our review period. For the eight months for which the match reports were available, the total number of positive matches was 1,732. If we were to project the number of positive matches in Los Angeles County during the 18-month period based on the eight months for which records were available, the estimated overpayment would likely to be in excess of \$4.6 million for the eight counties over the 18-month period of our review.
- (4) We made our overpayment calculation in accordance with the “throughout a month” criteria as specified under Section 1611(e)(1)(A) of the Social Security Act.

**Attachment C—
California Department of Social Services’
Response to Draft Review Report**

DEPARTMENT OF SOCIAL SERVICES

744 P Street, Sacramento, CA 95814



April 11, 2007

Mr. Jerry McClain, Chief
Special Audits Bureau
State Controller's Office
Post Office Box 942850
Sacramento, CA 94250-5874

Dear Mr. McClain:

We are providing this letter in connection with the State Controller's Office (SCO) review of the Social Security Administration (SSA) and the Supplemental Security Income/State Supplementary Payment (SSI/SSP) payments made to recipients in county jail facilities. We support and concur with both of the SCO's recommendations.

The Adult Programs Division (APD) monitors the contract between the State and SSA for SSA to administer the State-funded SSP program under the same rules and regulations that govern the federal SSI program. There are no provisions under the terms of contract or federal regulations for the State to impose any changes in SSA's operational procedures or for SSA to have any federal fiscal liability for incorrect SSP payments they may have made. The APD has no contact with city or county jails throughout the State.

Thank you for the opportunity to review this draft report. If you have any questions please contact Marshall Browne, Manager, Operations and Technical Assistance Unit, at (916) 229-4043.

Sincerely,

A handwritten signature in blue ink, appearing to read "Eva Lopez", written over a circular stamp.

EVA L. LOPEZ, Deputy Director
Adult Programs Division

Enclosure

**State Controller's Office
Division of Audits
Post Office Box 942850
Sacramento, California 94250-5874**

<http://www.sco.ca.gov>