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OFFICE OF THE INSPECTOR GENERAL



ALIENS RECEIVING SUPPLEMENTAL SECURITY INCOME PAYMENTS

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DAVID C. WILLIAMS - INSPECTOR GENERAL

SEPTEMBER 1997

A-13-95-00614



SOCIAL SECURITY

Office of the Inspector General

MEMORANDUM

Date: MAR - 2 1999

Refer To:

To: Kenneth S. Apfel
Commissioner of Social Security

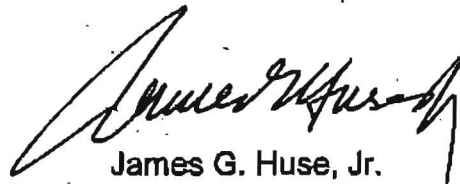
From: Acting Inspector General

Subject: Office of Hearings and Appeals' Response to Fraud at the New Orleans Hearing Office

The attached final report presents the results of our audit of fraudulent decisions processed at the New Orleans hearing office (A-06-97-71006). The objectives were to review the methodology used by two former New Orleans hearing office clerks to process fraudulent disability decision letters and to determine the adequacy of the Office of Hearings and Appeals' response to this fraud.

This report contains sensitive information. For security reasons, we recommend that distribution of this report be limited to those with a need to know.

You may wish to comment on any further action taken or contemplated on our recommendations. If you choose to offer comments, please provide your comments within the next 60 days. If you wish to discuss the final report, please call me or have your staff contact Daniel R. Devlin, Acting Assistant Inspector General for Audit, at (410) 965-9700.



James G. Huse, Jr.

Attachment



SOCIAL SECURITY
Office of the Inspector General

MEMORANDUM

Date: October 1, 1997
To: Kenneth S. Apfel
Commissioner of Social Security

Refer To:

From: Inspector General

Subject: Aliens Receiving Supplemental Security Income Payments

This final report presents the results of our audit of aliens receiving Supplemental Security Income (SSI) payments. Congressional attention has been focused on aliens who receive SSI payments based on fraudulent documentation. Therefore, the Office of the Inspector General (OIG) was requested by Congress to review documentation for aliens receiving payments under the SSI program.

This report contains information that is sensitive and confidential. For security reasons, we recommend that distribution of this report be limited to those with a need to know.

In designing this review, we incorporated concerns raised by Congress. Our review objectives were to determine whether: (1) the Immigration and Naturalization Service (INS) information presented by aliens to the Social Security Administration (SSA) for obtaining SSI payments agreed with INS records regarding their legal status; (2) sponsors of aliens were identified in SSA's records and their required income and resource levels were considered in computing payments to SSI alien recipients; (3) SSA's records were accurate for recording the current immigration status¹ of aliens; and (4) illegal aliens paid a supplemental fee² to become U.S. citizens and were applying for and receiving SSI payments.

We found that:

In almost 99 percent of the cases reviewed, we concurred with SSA's SSI eligibility determination concerning the legal status of aliens. In only 4 of 375 cases (1.07 percent) sampled do we believe that applicants either

¹ Public Law 104-193, the Personal Responsibility and Work Opportunity Reconciliation Act (Welfare Reform Act), August 22, 1996, mandated the termination of payments based on the type of alien status at the time of entry into the United States.

² Public Law 103-317, the Department of Commerce, State, Justice Appropriations Act of 1995, allowed certain illegal aliens entry into the United States by paying a supplemental fee of \$650.

presented another alien's identification number when applying for SSI payments or the alien number did not exist in INS records. These errors were projected to the universe of all cases, and we estimate that from January 1995 to December 1996, over \$15 million in SSI payments were obtained by aliens without legal status (Appendix B).

- In over 98 percent of the cases sampled, we concurred with SSA's SSI eligibility determination based on verification of sponsors and consideration of sponsors' income and resources in calculating the SSI payment. In only 6 of 375 cases (1.6 percent) reviewed did we find that alleged sponsors were not verified with INS and sponsors' income and resources were not considered in calculating the SSI payment. These errors were projected to the universe of all cases, and we estimate SSI overpayments of over \$15 million were made from January 1995 to December 1996 (Appendix B).
- Case folders were not retrieved in 147 of the 375 cases selected for review (51 were SSA folders). These case folders could not be located, had been destroyed, or were in transit to case folder storage. Therefore, we could not confirm alien status and eligibility for SSI payments.
- SSI payments did not materially increase for aliens who paid a supplemental fee allowed by Public Law (P.L.) 103-317. Supplemental fee cases were not found in our sample. We estimate that no more than 135 out of 5,750 cases (2.3 percent) in our sample population involved a supplemental fee (Appendix C).

SSA's controls were generally sufficient to verify and identify alien status and sponsors; however, controls can be improved. Controls were insufficient for retrieval of case folders containing basic eligibility information needed to confirm the status of aliens and their eligibility for payments.

We recommend that SSA: (1) for all alien SSI applicants, verify alien name, date of birth and alien status, when possible, with INS through the Systematic Alien Verification for Entitlements (SAVE)³ system; (2) negotiate with INS to install photo-phones in selected high-risk field offices (FO) on a pilot basis and develop the necessary procedures to verify the authenticity of INS documents; (3) establish a suspect/fraudulent indicator for SSI applications, as designed in the Modernized Enumeration System (MES); (4) modify procedures to direct claims representatives to provide a description of fraudulent documents, presented by the applicants, in the remarks section of the Modernized Supplemental Security Income Claims System (MSSICS) application; (5) ensure procedures are followed to verify, with

³ SAVE provides SSA with online access to the INS data base and is used by SSA field offices to help verify INS documents presented as evidence of lawful immigration status.

INS, the identity of all sponsors and determine the amount of the sponsors' income and resources required to reduce SSI payments; (6) review the cases in question and collect any overpayments due. Any cases where false statements were made should be referred to OIG for possible civil monetary penalties; and (7) retrieve the 51 unavailable SSA case folders and verify the aliens' status. If case folders cannot be found, a redetermination should be made.

SSA agreed with all but one of our recommendations. SSA stated that it was not necessary to establish a new data base of suspect/fraudulent INS applications since the claimant information is retained in the SSI system and is displayed to the interviewer if the applicant reapplies. We have modified our recommendation from establishing a data base to establishing a suspect/fraudulent indicator. Although the SSI application information is retained in the system and displayed to the interviewer, this does not prevent the subsequent processing of the application. In addition, there would be no way to track and analyze all fraudulent applications for audit and investigation purposes. Our recommendation would establish a system control which would prevent further processing of the claim, whether submitted to the same or a different FO. If the indicator was determined to be inappropriate, it could be removed, with management approval, and further processing would be allowed. The suspect/fraud indicator would also allow a data extract of all fraudulent applications which could be used to analyze trends, provide investigative leads, quantify fraudulent activity, list the types of fraudulent documents used, etc. The full text of SSA's comments are attached as Appendix E.

While performing this audit, we issued an alert⁴ to SSA on September 27, 1996 (Appendix F). This alert identified changes needed to modify SSA's procedures for recording the status of aliens in order to establish eligibility for SSI payments. The Welfare Reform Act requires that eligibility be determined at the time of entry into the United States. SSA records the alien's status when the alien applies for SSI payments. The alert disclosed that using the alien status at time of application would result in incorrect SSI payments amounting to \$19.4 million in underpayments and \$8.9 million in overpayments. SSA agreed with our recommendations and made the necessary changes. SSA's response to our alert is also at Appendix F.

BACKGROUND

The SSI program, authorized by title XVI of the Social Security Act (Act), is administered by SSA. An alien may apply for SSI payments at one of SSA's FOs. The alien presents INS documents as proof of alien status and other identity

⁴ Since notices were being drafted at this time, we believed management needed to be alerted to this finding when we initially discovered this condition.

information and medical documents if required. MSSICS is the automated system used by SSA to process SSI claims.

The SSI program was enacted to assure a minimum level of income for people with limited income and resources who are aged, blind, or disabled. In 1995, SSI provided up to \$458 a month to eligible individuals and up to \$687 a month to eligible couples. In Fiscal Year 1995, SSA paid \$27.6 billion to about 6.5 million aged, blind, and disabled SSI recipients.

The Act limited SSI eligibility to residents of the United States who are:

(1) citizens; (2) aliens lawfully admitted for permanent residence (LAPR); and (3) aliens permanently residing in the United States under color of law (PRUCOL). Categories of aliens who are PRUCOL include refugees, asylees, parolees, and those granted indefinite stays of deportation or aliens that INS does not intend to deport. Aliens must present evidence of their legal status (provided by INS at time of entry into the United States) to SSA FO personnel at the time of application to be considered eligible for SSI payments.

Effective October 1, 1994, section 506(b) of P.L. 103-317 allows certain illegal aliens to adjust their status to LAPR without returning to their country of origin. This law requires the illegal alien to pay, in addition to a prescribed fee of \$130, a supplemental fee of \$650.

Aliens who seek admission to the United States must establish that they will not become welfare recipients or public charges. Many aliens establish that they will not become public charges by having "sponsors" who pledge to support them. Since October 1980, the Act has required that a sponsor's income and resources be considered deemed⁵ when determining an alien's SSI eligibility and payment amount.

Aliens legally admitted as permanent residents are generally required to be sponsored upon their entry into the United States. "Deeming" requires a sponsor to file an affidavit of support (INS Form 1-134) with INS as a condition for granting an alien LAPR status. SSA is required to deem the sponsor's income and resources on LAPR cases in determining the alien's eligibility for payments and amount of payment. Deeming applies for 3 years after the alien is admitted to the United States for permanent residence. Effective January 1, 1994 to September 30, 1996, the deeming period was increased to 5 years.

Congressional attention has focused on how SSA administers its various benefit programs and the possible abuses of the system by beneficiaries and recipients.

⁵ The income and resources of people responsible for the welfare of an eligible individual are considered in determining the eligibility and payment amount for a SSI recipient.

Congress is concerned that some aliens are obtaining SSI payments based on fraudulent documentation. OIG received a congressional request to identify the universe of illegal aliens who are currently receiving SSI payments and to determine if such payments were provided based on fraudulent documentation. The Welfare Reform Act made significant changes to the SSI program. It prohibits payment of SSI to many noncitizens and provides SSI to the following noncitizens:

- refugees, asylees, and noncitizens whose deportation has been withheld (subject to 5-year eligibility limit);
- certain active duty Armed Forces personnel, honorably discharged veterans, and their spouses and dependent children; and
- lawfully admitted permanent residents who have earned 40 quarters coverage for Social Security purposes (quarters earned by spouse/parents may also count).

The law requires that SSA redetermine the eligibility of all potentially affected beneficiaries who do not meet the new eligibility categories within 1 year after enactment. If a noncitizen is not in one of the new categories, his or her eligibility would end as of the date of the redetermination. SSA estimated that up to 500,000 noncitizens receiving SSI might lose their payments.

The law also required SSA to notify all potentially affected beneficiaries on the SSI rolls of the provision by March 31, 1997. SSA is also required to furnish information to INS concerning any individual SSA knows is unlawfully in the United States.

SCOPE OF AUDIT

We conducted our audit in accordance with generally accepted government auditing standards. We selected a sample of 375 of 133,009 aliens from the Supplemental Security Record who were in current pay status and receiving SSI payments as of June 30, 1995. These aliens entered the United States after December 31, 1989. We excluded aliens whose entry dates⁶ were prior to December 1989 in order to focus on current alien status procedures and concerns about the availability and/or retention of case folders of recipients who have been eligible for SSI for over 5 years.

A two-strata random sample was used. Strata one included aliens who entered the country after October 1994 and were receiving payments as of June 1995.

⁶ The entry date is the date of entry into the United States or the date the alien status for LAPR was approved.

This strata was drawn to identify aliens who were required to pay INS a supplemental fee of \$650. Strata two included all aliens who entered the country after December 1989 and before November 1994. Strata one contained 125 cases and strata two contained 250 cases. We reviewed the SSI and INS case folders and other related data that we received for each sample item.

Field work was performed at SSA's Northeastern Program Service Center in Jamaica, New York, and at Headquarters in Baltimore, Maryland. We also performed work at INS offices located in New York City and at INS Headquarters in Washington, D.C. We contacted SSA FOs and interviewed managers and claims representatives concerning questionable cases. The case folder review was performed between October 26, 1995 and July 31, 1996. The remainder of the field work was concluded in December 1996.

RESULTS OF AUDIT

VERIFYING ALIEN STATUS

INS information presented by aliens to SSA for obtaining SSI payments agreed with INS records regarding their legal status in almost 99 percent of the cases reviewed. In only 4 of 375 cases (1.07 percent) in our sample did an applicant either present another alien's identification number when applying for SSI payments or the alien number did not exist in INS records. We estimate that 1,573 aliens in our sample universe obtained over \$15 million, from January 1995 to December 1996, in SSI payments without having legal alien status (Appendix B). Since alien documents provided to SSA did not agree with INS records, we could not determine whether these individuals were eligible for SSI payments. INS has been requested to review those documents and investigate any found to be fraudulent.

The propriety of payments paid to aliens can be compromised if fraudulent documents are used. For example, in a prior Department of Health and Human Services/Office of Inspector General (HHS/OIG) audit,⁷ HHS/OIG found that INS could not locate records for 3 percent of the aliens who received Social Security number (SSN) cards during April 1991. The audit concluded that these aliens may have used fraudulent documentation to obtain SSN cards and apply for and receive payments.

SSA is required, by section 1614(a)(1)(B)(i)(III) of the Act, to verify alien INS documents supporting legal entry into the United States for purposes of administration of title XVI of the Act. SSA can verify name, date of birth, and

⁷ "Audit of the System of Internal Controls for the Modernized Enumeration System" (CIN-A-13-90-00045), dated April 12, 1993.

alien status for SSI eligibility purposes with INS by electronic query using the SAVE system and mailing copies of INS documents, presented by aliens to SSA, to INS using Form G-845. Procedures⁸ require the use of the SAVE system when INS documentation is questionable. Not all FOs had the SAVE system when the applications were taken. The system was only installed in some of the high-volume FOs. In these four cases, FOs did not use the SAVE system because the office did not have the SAVE system at the time the alien applied for payments. Today, all FOs have on-line terminal access to the SAVE system.

We identified the four suspicious cases using the SAVE system and further INS verification. The SAVE queries were easy to obtain and took less than a minute each. If SSA had used SAVE in these cases, FOs could have been alerted that the documents presented by the alien applicant were suspicious and further investigation was needed. Verification with INS may have resulted in identifying not only ineligibility for payments, but that the recipient was an illegal alien.

SAVE has proven to be an effective verification system, but it has its limitations. There is a time lag in annotating information to the system. Information on aliens who recently entered the United States is generally not on the system. Therefore, additional methods would improve identification of fraudulent documents.

In today's highly technical environment, counterfeit and altered documents are becoming more and more prevalent. Due to the advanced technology that is available for the production of fraudulent documents, and the high quality of these documents, it is difficult for FO personnel to determine if a document is authentic. Even those documents that are genuine may not represent the person applying for payments.

Methods exist that could improve the efficiency in identifying fraudulent documents in FOs. Some examples of methods that could be utilized by SSA include: (1) automated suspect/fraud indicators which can be used for tracking applicants with fraudulent documents; and (2) photo-phones which can be used to identify fraudulent INS documents.

MSSICS does not have the capability to track applicants who submit suspicious, altered, or fraudulent documents. However, MES tracks SSN applicants who submit suspect and fraudulent documents. As soon as an FO employee identifies a suspicious or fraudulent document submitted with the SSN application, he or she is required to enter the information on the application and key it into the system (with supervisor's concurrence). The suspect/fraudulent indicators will prevent the processing of subsequent SSN applications by the applicant, whether submitted to the same or a different FO.

⁸ Program Operations Manual System SI 00502.115B1.

Although MSSICS does not prevent the processing of subsequent applications submitted with fraudulent documents, it does maintain previously completed application screens. The remarks section of the application could be annotated to provide details about the fraudulent documents in question. This data could be helpful in alerting claims representatives to fraudulent documents and provide information for future investigations.

We believe that MSSICS should be modified to include suspect/fraud indicators to help track applicants and prevent subsequent fraudulent applications. Procedures should also be modified to direct claims representatives to annotate MSSICS application screens concerning information about any fraudulent documents submitted by applicants.

Another method to detect fraudulent documents would be for SSA to utilize INS' Forensic Document Laboratory which has the United States' largest collection of falsified INS documents. Specialists at the lab use the latest technology to distinguish genuine from false documents. The photo-phone is used for identifying falsified documents. The photo-phone transmits crystal-clear images over phone lines. SSA FOs could pilot photo-phones to send pictures of suspicious documents to the INS lab for instant verification.

VERIFYING SPONSORS AND DEEMING SPONSOR'S INCOME AND RESOURCES

Sponsors of aliens were identified in SSA records and their required income and resources were considered in computing payments to SSI alien recipients in over 98 percent of the cases reviewed. However, we found instances where SSA FO staff did not: (1) follow procedures to identify the existence of sponsors and verify their identity with INS; and (2) reduce payments based on the sponsor's income and resources (deeming).

Aliens who seek admission to the United States must establish that they will not become welfare recipients or public charges. Many aliens satisfy this requirement by having "sponsors" who pledge to support them. Since October 1980, the law has required that a sponsor's income and resources be considered "deemed" when determining an alien's SSI eligibility and payment amount.

According to the Program Operations Manual System (POMS) SI 01320.915, the FO must verify sponsorship of an alien whose INS status is LAPR. Sponsor verification can occur through: (1) affidavit of support; (2) written statements from INS verifying the existence of an affidavit of support; and (3) phone contact with INS which verifies the existence of an affidavit of support.

In 6 of 375 cases (1.6 percent) in our sample, FO staff did not follow procedures to verify the alleged sponsor with INS. We estimate by projection that SSA did not verify sponsors and their income and resources in 1,665 cases. We estimate that \$15 million in overpayments was issued from January 1995 to December 1996

because SSA did not establish that a sponsor existed and did not recognize the sponsors' income and resources (Appendix B). The FO did not verify the alleged sponsor with INS because the FO relied on what the alien told them and went no further. However, we reviewed the INS case folders and found "Affidavit of Support" from individuals other than those persons the aliens alleged. An overpayment would have occurred if it were determined that the sponsors' income and resources should have reduced SSI payments. For example, in one case the alien alleged sponsorship from a spouse. However, the INS case folder showed an affidavit of support from the son. The son's support was not taken into consideration. The son worked and had an annual income of \$40,419. SSA should review these cases and collect any overpayments due. If it is found that false statements were made, the cases should be referred to OIG for investigation.

RETRIEVAL OF SSA AND INS CASE FOLDERS

We verified alien status and alien sponsors by obtaining SSA and INS case folders and/or computerized records for all 375 sampled SSI recipients. Both SSA and INS are currently required to maintain case folders for each alien and/or recipient. A total of 750 case folders were requested in order to conduct the document match for the 375 sampled SSI recipients.

SSA and INS could not retrieve case folders needed to confirm legal status and eligibility for payments for 147 of the sampled recipients. The case folders could not be located, had been destroyed, or were in transit to case folder storage. Therefore, we were unable to verify the authenticity of INS documents supplied by these alien recipients at the time of their applications. These individuals received over \$2 million in SSI payments. The missing case folders are described below:

- In 22 of our sample cases, SSA was not able to produce a case folder for our review but we were able to retrieve a case folder from INS. Although documentation maintained in the INS case folders provided information on the recipients' legal status, we were not able to confirm the authenticity of documentation used by SSA FO employees to establish eligibility at time of application.
- In 96 of our sample cases, INS was not able to produce a case folder for our review but we were able to retrieve a case folder from SSA. However, we were unable to confirm the authenticity of the INS documentation provided by the SSI recipient at time of application.
- In 29 of our sample cases, neither SSA nor INS was able to provide us a case folder for our review.

Although our ability to perform verification work was impeded by the lack of case folders, we were able to trace the recipients' identities to SSA and INS records in 143 of the 147 cases through other sources.

The General Accounting Office's Policy and Procedures Manual for Guidance of Federal Agencies maintains that documentation of transactions and other significant events should be complete and accurate, and should trace the transaction and related information from the inception of the transaction, throughout the transaction, to the finalized form.

Since case folders could not be obtained, we could not determine whether SSA verified the authenticity of aliens' citizenship status documentation. If a case folder cannot be found, a redetermination should be made to determine whether the recipient is eligible for payments. SSA should notify INS of any individual known to be unlawfully in the United States in accordance with the Welfare Reform Act. We are referring the SSNs and names of individuals associated with the missing INS case folders to the Department of Justice Inspector General under separate cover.

SUPPLEMENTAL FEE CASES

Congress requested OIG to determine whether aliens paying a fee, as required by P.L. 103-317, may be applying for and receiving SSI payments before their applications to become permanent residents were reviewed. Supplemental fee cases were not found in our sample. We identified only 26 of the 125 sampled cases that had an alien status of LAPR and had received payments within our audit period (October 1, 1994 through June 30, 1995). We found no evidence in the INS case folder that the supplemental fee had been paid in these cases. We estimate that no more than 135 out of 5,750 cases (2.3 percent) in our sample population involved a supplemental fee (Appendix C). As a result, we believe the supplemental fee cases did not materially affect the growth of the SSI program.

CONCLUSION

SSA's controls were generally sufficient to verify and identify alien status and sponsors; however, controls can be improved. In almost 99 percent of the cases reviewed, we concurred with SSA's SSI eligibility determination concerning the legal status of aliens. In addition, in over 98 percent of the cases reviewed, we concurred with SSA's SSI eligibility determination based on verification of sponsors and consideration of sponsors' income and resources in calculating the SSI payment.

Controls were insufficient for retrieval of case folders containing basic eligibility information needed to confirm the status of aliens and their eligibility for payments. Case folders were not retrieved in 147 of the 375 cases (39 percent) selected for review. These case folders could not be located, had been destroyed, or were in transit to case folder storage. SSI payments did not materially increase for aliens who paid a supplemental fee allowed by P.L. 103-317.

RECOMMENDATIONS

We recommend that SSA:

1. Verify name, date of birth, and alien status, when possible, with INS through the SAVE system for all alien SSI applicants.

SSA COMMENTS

We agree with the intent of your recommendation, but we do not have unilateral authority in this area. We need to renegotiate with INS in order to access SAVE for all alien SSI applicants. We will begin the negotiation process before the end of the year.

2. Negotiate with INS to install photo-phones in selected high-risk FOs on a pilot basis and develop the necessary procedures to verify the authenticity of INS documents.

SSA COMMENTS

We agree. Negotiations with INS will begin within the next year.

3. Establish a suspect/fraudulent indicator for SSI applications, as designed in MES.

SSA COMMENTS

We disagree that a new data base is necessary. If an SSI applicant submits a false document and the claim is denied as a result, this information is already retained in the SSI system, and is displayed to the interviewer if the applicant reapplies.

OIG RESPONSE

We have modified our recommendation from establishing a data base to establishing a suspect/fraudulent indicator. Although the SSI application information is retained in the system and displayed to the interviewer, this does not prevent the subsequent processing of the application. In addition, there would be no way to track and analyze all fraudulent applications for audit and investigation purposes. Our recommendation would establish a system control which would prevent further processing of the claim, whether submitted to the same or a different FO. If the indicator was determined to be inappropriate, it could be removed, with management approval, and further processing would be allowed. The suspect/fraud indicator would also allow a data extract of all fraudulent applications which

could be used to analyze trends, provide investigative leads, quantify fraudulent activity, list the types of fraudulent documents used, etc.

4. Modify procedures to direct claims representatives to provide a description of fraudulent documents presented by the applicant in the remarks section of the MSSICS application.

SSA COMMENTS

We agree, and will revise our procedures as we update our POMS instructions by the end of Calendar Year 1997.

OIG RESPONSE

We believe that interim instructions should be given to alert the FOs to begin this procedure immediately.

5. Ensure procedures are followed to verify, with INS, the identity of all sponsors and determine the amount of the sponsors' income and resources required to reduce SSI payments.

SSA COMMENTS

We agree. FOs will immediately be alerted to follow the procedures for all cases with sponsors.

6. Review the 10 questionable cases (4 alien status and 6 sponsor) identified through our review and resolve any payment issues. If false statements are found, the cases should be referred to OIG for investigation. Notify INS of any individual known to be unlawfully in the United States, in accordance with the Welfare Reform Act.

SSA COMMENTS

We agree to review the 10 cases immediately, resolve any payment issues under our current regulatory policies and procedures and refer to OIG if false statements are found. SSA has taken a position that the Welfare Reform Act does not mandate a reporting requirement for SSI since a finding of being unlawfully in the United States is not made in the SSI program for purposes of benefit eligibility. Formal confirmation of this approach from the Department of Justice is pending.

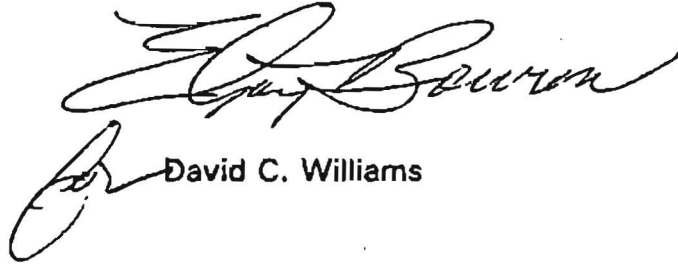
OIG RESPONSE

We believe that until formal confirmation of SSA's approach, applicants submitting fraudulent INS documents should be referred to INS.

7. Retrieve the 51 unavailable SSA case folders and verify the aliens' status. If case folders cannot be found, a redetermination of eligibility should be performed.

SSA COMMENTS

We agree. We are retrieving the missing folders for OIG, and will take any required action on these folders after the review. We will reconstruct folders as necessary.

A handwritten signature in black ink, appearing to read "David C. Williams", is written over a horizontal line. The signature is stylized and cursive.

David C. Williams

APPENDICES

SAMPLING METHODOLOGY**Verifying Alien Status and Sponsor Verification**

<u>Strat</u>	<u>Sample</u>	<u>Items</u>	<u>Dollars</u>	<u>Universe</u>	<u>Projected Items</u>	<u>Projected Dollars</u>
1	125	4	\$35,687.58	5,750	184	\$ 1,641,628.68
2	250	6	\$56,731.32	127,259	3,054	\$28,878,284.21
<u>Totals</u>						
2	375	10	\$92,418.90	133,009	3,238 ⁹	\$30,519,912.89* ¹⁰

*See Appendix B for details.

⁹ We are 90 percent sure that the actual number is between 1,205 and 5,272.

¹⁰ We are 90 percent sure that the actual dollar value is between \$10,674,205 and \$50,365,621.

SAMPLING METHODOLOGY**Verifying Alien Status**

<u>Strat</u>	<u>Sample</u>	<u>Items</u>	<u>Dollars</u>	<u>Universe</u>	<u>Projected Items</u>	<u>Projected Dollars</u>
1	125	1	\$ 8,771.04	5,750	46	\$ 403,467.84
2	250	3	\$28,964.76	127,259	1,527	\$14,744,105.57
<u>Totals</u>						
2	375	4	\$37,735.80	133,009	1,573	\$15,147,573.41

Sponsor Verification

<u>Strat</u>	<u>Sample</u>	<u>Items</u>	<u>Dollars</u>	<u>Universe</u>	<u>Projected Items</u>	<u>Projected Dollars</u>
1	125	3	\$26,916.54	5,750	138	\$ 1,238.160.84
2	250	3	\$27,766.56	127,259	1,527	\$14,134,178.64
<u>Totals</u>						
2	375	6	\$54,683.10	133,009	1,665	\$15,372.339.48

SAMPLING METHODOLOGY**Supplemental Fee**

Universe Size	5,750
Sample Size	125
Quantity Identified in Sample	0
Confidence Level 95%	
Upper Limit - Quantity	135
Percent	2.348%

SAVINGS AND POTENTIAL RECOVERIES

Suspicious INS Documents	\$15,147,573
Sponsor Verification	\$15,372,339
Notices and Procedures	\$ 8,889,442
TOTAL	\$39,409,354

POTENTIAL UNDERPAYMENT

Notices and Procedures	\$19,398,165
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SOCIAL SECURITY

MEMORANDUM

Date: September 19, 1997

Refer To: SIJ-3

To: David C. Williams
Inspector General

From: John J. Callahan
Acting Commissioner of Social Security

Subject: Office of Inspector General Draft Report, "Aliens Receiving
Supplemental Security Income Payments" (A-13-95-00614)--
INFORMATION

Attached are our comments on the subject report. Staff questions
may be referred to Odessa J. Woods on extension 50378.

Attachment:
SSA Response

COMMENTS OF THE SOCIAL SECURITY ADMINISTRATION (SSA) ON THE
OFFICE OF INSPECTOR GENERAL (OIG) DRAFT REPORT, "ALIENS RECEIVING
SUPPLEMENTAL SECURITY INCOME PAYMENTS" (A-13-95-00614)

Thank you for the opportunity to review the OIG draft report on aliens receiving Supplemental Security Income (SSI). We are pleased that OIG found a 99 percent accuracy rate for the SSA determinations of alien status for SSI eligibility; and 98 percent accuracy rate on SSA's verification of sponsors' income and resources in determining eligibility and in calculating the amount of benefit payment of aliens in the SSI program.

Following are our comments to the recommendations.

OIG Recommendation

Verify name, date of birth, and alien status, when possible, with Immigration and Naturalization Service (INS) through the Systematic Alien Verification for Entitlement (SAVE) system for all alien SSI applicants.

SSA Comment

We agree with the intent of your recommendation, but we do not have unilateral authority in this area. Currently, in accordance with an agreement with INS, SSA limits SAVE verification requests for SSI purposes to cases where the alien's "A" number is available and the original INS document is lost, expired, or questionable. Therefore, we will need to renegotiate with INS in order to access SAVE for all alien SSI applicants. We will begin the negotiation process before the end of the year.

OIG Recommendation

Negotiate with INS to install photo-phones in selected high-risk field offices on a pilot basis and develop the necessary procedures to verify the authenticity of INS documents.

SSA Comment

We agree. Negotiations with INS will begin within the next year. Assuming such negotiations are successful, we would participate in a pilot of the photo-phone.

OIG Recommendation

Establish a data base of suspect/fraudulent INS applications, as designed in Modernized Enumeration System.

SSA Comment

We disagree that a new data base is necessary. If an SSI applicant submits a false document and the claim is denied as a result, this information is already retained in the SSI system, and is displayed to the interviewer if the applicant reapplies.

OIG Recommendation

Modify procedures to direct claims representatives to provide a description of fraudulent documents, presented by the applicant, in the remarks section of the Modernized Supplemental Security Income Claims System application.

SSA Comment

We agree, and will revise our procedures as we update our Program Operations Manual System instructions by the end of calendar year 1997.

OIG Recommendation

Ensure procedures are followed to verify, with INS, the identity of all sponsors and determine the amount of the sponsors' income and resources required to reduce SSI payments.

SSA Comment

We agree. Field offices will immediately be alerted to follow the procedures for all cases with sponsors.

OIG Recommendation

Review the 10 questionable cases (4 alien and 6 sponsor) identified through our review and resolve any payment issues. If false statements are found, the cases should be referred to OIG for investigation. Notify INS of any individual known to be unlawfully in the United States in accordance with the Welfare Reform Act.

SSA Comment

We agree to review the 10 cases immediately, resolve any payment issues under our current regulatory policies and procedures and refer to OIG if false statements are found.

With regard to the second part of the recommendation, on April 23, 1997, SSA made a recommendation to the INS regarding the implementation by SSA of section 404 of the Welfare Reform Act. That section requires various Federal and State entities, including SSA, at least four times annually and upon request of

the INS, to notify INS of any alien who the entity "knows" is unlawfully in the United States. The recommendation was that, for purposes of section 404, a reporting entity "knows" that an individual is unlawfully in the United States only when the unlawful presence is a finding of fact or conclusion of law that the entity must necessarily make or reach as part of a formal determination regarding the receipt of assistance under a specified program.

Therefore, SSA has taken the position that section 404 does not mandate a reporting requirement for SSI since a finding of being unlawfully in the United States is not made in the SSI program for purposes of benefit eligibility. Formal confirmation of this approach from the Department of Justice is pending.

OIG Recommendation

Retrieve the 51 unavailable SSA case folders and verify the aliens' status. If case folders cannot be found, a redetermination of eligibility should be performed.

SSA Comment

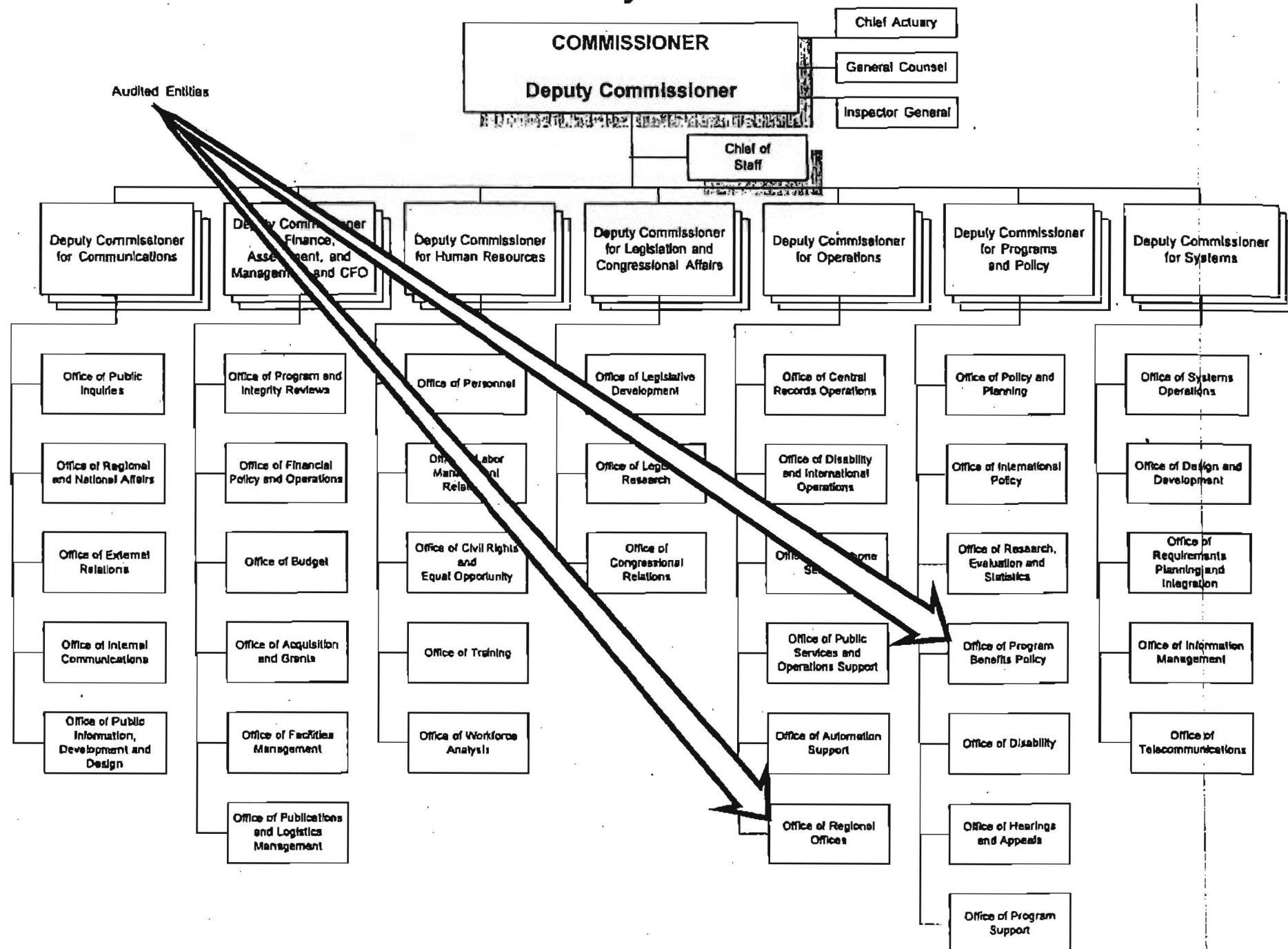
We agree. We are retrieving the missing folders for OIG, and will take any required action on these folders after the review. If, ultimately, one or more folders are not found, we will reconstruct as necessary.

MAJOR CONTRIBUTORS TO THIS REPORT

Office of the Inspector General

- Gary Kramer, Director, Program Audits
- Carl Markowitz, Team Leader
- Alan Carr, Team Member
- George Richardson, Team Member
- Stephanie Palmer, Team Member
- Steve Liebman, Team Member
- Arthur Treglia, Team Member
- Ernesto Pang, Team Member

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