OFFICE OF THE INSPECTOR GENERAL

SOCIAL SECURITY ADMINISTRATION

SUPPLEMENTAL SECURITY INCOME RECIPIENTS WITH UNREPORTED VEHICLES

July 2009 **A-02-08-28038**

AUDIT REPORT

Mission

By conducting independent and objective audits, evaluations and investigations, we inspire public confidence in the integrity and security of SSA's programs and operations and protect them against fraud, waste and abuse. We provide timely, useful and reliable information and advice to Administration officials, Congress and the public.

Authority

The Inspector General Act created independent audit and investigative units, called the Office of Inspector General (OIG). The mission of the OIG, as spelled out in the Act, is to:

- Conduct and supervise independent and objective audits and investigations relating to agency programs and operations.
- Promote economy, effectiveness, and efficiency within the agency.
- Prevent and detect fraud, waste, and abuse in agency programs and operations.
- Review and make recommendations regarding existing and proposed legislation and regulations relating to agency programs and operations.
- Keep the agency head and the Congress fully and currently informed of problems in agency programs and operations.

To ensure objectivity, the IG Act empowers the IG with:

- Independence to determine what reviews to perform.
- Access to all information necessary for the reviews.
- Authority to publish findings and recommendations based on the reviews.

Vision

We strive for continual improvement in SSA's programs, operations and management by proactively seeking new ways to prevent and deter fraud, waste and abuse. We commit to integrity and excellence by supporting an environment that provides a valuable public service while encouraging employee development and retention and fostering diversity and innovation.

SOCIAL SECURITY

MEMORANDUM

Date: July 15, 2009 Refer To:

To: The Commissioner

From: Inspector General

Subject: Supplemental Security Income Recipients with Unreported Vehicles (A-02-08-28308)

OBJECTIVE

Our objective was to determine the accuracy of the Social Security Administration's (SSA) determinations of Supplemental Security Income (SSI) applicants/recipients' resources related to vehicle ownership.

BACKGROUND

SSI is a needs-based program, and SSA considers an applicant's or recipient's resources when determining eligibility for the program. SSA defines a resource as cash or other liquid assets or any real or personal property that an individual (or spouse) owns and could convert to cash to be used for his or her support and maintenance. Individuals with resources valued at or above $2,000 and couples with resources valued at or above $3,000 are not eligible for SSI.

The Program Operations Manual System (POMS) requires that SSA exclude as a resource the value of one vehicle per family regardless of its value. Additional vehicles are considered non-liquid resources, and they are generally counted as a resource. The value of additional vehicles can be excluded as a resource if they are used as property essential to self-support or a plan to achieve self-support or if the applicant/recipient made a disposal agreement with SSA. While automobiles are often the vehicle in question, other vehicles, such as boats or recreational vehicles, can be counted as resources as well.[1]

[1] A vehicle is defined as an automobile, boat and/or airplane. For SSI purposes, *automobile* means any registered or unregistered vehicle used for transportation. Vehicles used for transportation include, but are not limited to, cars, trucks, motorcycles, boats and recreational vehicles.

Resource Reporting and Verification

When determining whether applicants are eligible for SSI based on their resources, SSA staff generally relies on applicants to accurately report their own and their spouse's resources. If SSA staff suspects an individual is providing inaccurate information, they may ask for additional information from the individual and/or further investigate the allegations provided. Once receiving SSI, recipients are required to report events and changes of circumstances that may affect their eligibility and payment amounts, including changes in resources.

SSA has developed some processes and/or has provided its staff with tools to help verify the accuracy of resource allegations, including the following.

- **Redeterminations** are reviews of recipients/couples' non-medical eligibility factors (such as income, resources, and living arrangements) to determine whether the recipients/couples are still eligible for and receiving the correct SSI payment. Redeterminations should be completed at least once every 6 years or more frequently if certain criteria are met.[2]

- **Unreported Bank Account Reviews** are conducted by a third-party vendor SSA has contracted to assist in retrieving electronic bank data to detect unreported bank accounts.

- **National Automobile Dealer's Association (NADA) E-Valuator** assists in determining the Current Market Value (CMV)[3] of automobiles owned by applicants or recipients.[4]

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[2] Per POMS SI 02305.010, redeterminations are scheduled based on an error-profiling system that determines the likelihood of a change in circumstance. For example, redeterminations are completed more frequently if a change is likely or once every 6 years if a change in circumstance is unlikely. Redeterminations are not scheduled if the recipient is in a medical institution and limited to a $30 payment cap, or a Title VIII Special Veteran Benefits case.

[3] The CMV is the average price the automobile's particular year, make, model and condition will sell for on the open market in the geographic area involved (see SSA, POMS, SI 01130.200.B.2).

[4] NADA e-Valuator contains and displays values and other data from the NADA Official Used Car Guide and NADA Official Older Used Car Guide. POMS, SI 01130.200, discusses how to verify the value of cars as SSI resources. If the NADA e-Valuator trade-in value affects eligibility and the individual disagrees with it, SSA staff can give him/her the opportunity to rebut it. An example of rebuttal evidence can be a written appraisal of an automobile's CMV obtained by the individual at his or her own cost from a disinterested knowledgeable source, such as a used car or truck dealer or an automobile insurance company. If the automobile is more than 20 years old, but less than 25 years old, SSA staff needs to use the 20-year old value.

- **LexisNexis Risk Management Solution Database (LexisNexis)**[5] helps obtain property and resource information for SSI applicants and recipients nationwide.

LexisNexis

To help identify resources that may affect SSI eligibility and payments, SSA provides field office staff access to the LexisNexis database. LexisNexis is an Internet database that can be used to obtain property information, including vehicle ownership records. The vehicle database is limited to vehicle information in 30 States[6] and the District of Columbia (DC) because of varying State laws regarding access rights to vehicle ownership records.

SSA policy[7] states field office staff can use LexisNexis when there is suspicion of (1) an undisclosed automobile, boat, or other vehicle or (2) undisclosed real property ownership, including shared ownership. It can also be used when a transfer of property for less than the fair market value is suspected.

SSA policy further details protocol[8] for LexisNexis database usage. Field office managers are responsible for determining which employee(s) in their offices will receive LexisNexis access. Also, they are responsible for registering user identification numbers and passwords in their offices. Each field office is allowed to have a maximum of two employees with access to LexisNexis.

SSA has an Interagency Agreement with the Library of Congress to receive commercial information services through the Federal Library and Information Network, which provides commercial information services, including LexisNexis. Under this agreement,[9] SSA employees have access to LexisNexis up to a defined number of queries.

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[5] The LexisNexis Group is a global company that provides information to Government, corporate, legal and academic markets. Per POMS, SI 01140.105 D.1, information from the LexisNexis database cannot be used to deny or suspend SSI payments. However, the information can be used to establish a lead, which should be developed accordingly.

[6] See Appendix B for a list of the 30 States. The database also contains boat registration information for 34 States and real property information for 47 States and DC.

[7] SSA, POMS, SI 01140.105 D.1.

[8] SSA, POMS, SI 01140.105 C.2.a.

[9] SSA is committed to pay for all LexisNexis services under the agreement. The final price is determined based on SSA's level of use of the services throughout the year. The services provided under the agreement include access to Lexis.com, Nexis.com, Risk Management Solutions, Law Enforcement Solutions, CourtLink, Commerce Clearing House and Accurint service. SSA field office staff has access to Risk Management Solutions.

Previous Studies

In 2005, SSA's Office of Quality Performance conducted a study that found that less than 20 percent of SSI recipients reported vehicle ownership. Another study published in the *Access Almanac* in 2002, *Travel Patterns Among Welfare Recipients*, reported that 55 percent of welfare recipients owned an automobile. Recognizing the differences between these studies' findings on the rate of vehicle ownership between two populations in needs-based programs, we examined what resources SSA has to assist in confirming an individual's allegations of vehicle ownership.

To meet our objective, we obtained a data extract from one segment of the Supplemental Security Record (SSR).[10] The segment consisted of SSI recipients as of May 13, 2008 who (1) reported to SSA that they did not own a vehicle; (2) were receiving monthly payments; (3) were age 18 years or older; and (4) resided in 1 of the 30 States or DC with vehicle information in LexisNexis. The SSR segment contained 94,660 records that met the selection criteria. From this population, we randomly selected a sample of 275 individuals to determine the accuracy of the recipients' reporting of vehicle ownership. Specifically, we used LexisNexis to determine whether there was any indication these individuals owned vehicles. Once we identified individuals who appeared to own vehicles even though they reported to SSA they did not, we also reviewed LexisNexis for evidence of other unreported resources and/or work activity. Refer to Appendix B for further details of our Scope and Methodology.

Based on the evidence we located in LexisNexis, we referred the cases we believed may have been ineligible for SSI because of resource limitations or work activity to SSA. We requested that SSA determine whether the prior resource determination was accurate and the amount of any improper payments assessed because of resource limitations or work activity.

RESULTS OF REVIEW

SSA's records regarding SSI recipient vehicle ownership were not always accurate. Of the 275 sampled SSI recipients, 68 (25 percent) did not report to SSA that they owned vehicles. In addition, 11 of these 68 individuals exceeded the resource limit for SSI eligibility when the values of their unreported vehicles were counted as resources, resulting in improper payments totaling $80,107. Estimating these results to the total population, approximately 468,140 recipients inaccurately reported their vehicle ownership to SSA. We also estimate that about 75,720 recipients were improperly paid approximately $551 million because of inaccuracies in SSA's records on the recipients' vehicle ownership. Further, we found that in some instances, SSA staff did not determine vehicle values through the NADA e-Valuator or other third-party valuation methods, as required.

[10] One segment of the SSR represents 5 percent of the total population of SSI recipients.

ACCURACY OF VEHICLE OWNERSHIP REPORTING

Of the 275 recipients we reviewed, 68 (25 percent) inaccurately reported their or their spouses' vehicle ownership. In fact, SSA verified that 22 of the 68 recipients who reported they did not own a vehicle actually owned 2 or more vehicles under their or their spouse's names. While recipients are responsible for accurately reporting their resources and any changes that occur, including resources owned by a spouse, these individuals did not report any such vehicles to SSA.

Based on SSA's development of the 68 cases, we determined that 11 of the 68 recipients were improperly paid a total of $80,107 when the values of the undisclosed vehicles were counted as resources. The values of the unreported vehicles brought the recipients over the resource limit for SSI eligibility. For example, one of the recipients owned five vehicles over a 10-year period, which he did not report to SSA. Once SSA added the value of the vehicles to the value of the resources it was previously aware of, the recipient had more than $2,000 in resources and therefore was ineligible for SSI payments. SSA placed 4 of the 11 recipients in a non-payment status since their resources exceeded SSI limits.

While SSA determined the remaining seven recipients had owned vehicles that caused them to exceed SSI resource limits, the recipients had disposed of the vehicles and remained eligible for SSI payments at the time of our review. Also, since the seven recipients had owned and disposed of the vehicles more than 2 years before our review, SSA could not recover the improper payments caused by the unreported vehicles because of administrative finality. Under administrative finality, a previous field office decision, like a determination of a recipient's resources, can be reopened or revised for only a limited time period, generally up to 2 years.[11]

SSA could recover $26,846 for 4 of the 11 improperly paid individuals who had unreported vehicle ownership during the past 2 years. Improper payments totaling $53,261 cannot be recovered from the remaining seven individuals because they disposed of their unreported vehicles more than 2 years ago.

Estimating these results to the total population, about 468,140 recipients inaccurately reported their vehicle ownership, and about 75,720 recipients were improperly paid approximately $551 million because of inaccurate information in SSA's records on the value of their resources.

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[11] POMS, SI 04070.015, (also 20 CFR 416.1488) provides guidance on administrative finality. Additionally, POMS, SI 04070.020.B.1, explains a determination or decision can be reopened and revised at any time upon a finding of "fraud" or "similar fault." Criteria to establish "similar fault" are listed as follows: the change event is material and will create a new or additional overpayment; a wide discrepancy exists between the new data and the data reported; the SSI recipient knowingly completed an incorrect or incomplete report, knowingly concealed events or changes, or knowingly neglected to report events or changes that he/she knew or should have known would affect payments; the event can and will be verified; the event is clearly attributable to the SSI recipient; and the case does not involve fraud. In developing these cases, SSA staff did not report any instances of fraud or similar fault.

Characteristics of Recipients Who Did Not Report Vehicle Ownership

Of the 68 recipients who failed to report their vehicle ownership, 61 (90 percent) received SSI disability payments, and the remaining 7 (10 percent) received SSI aged payments. Of the total population of SSI recipients over 17 years old, 81 percent was blind or disabled and 19 percent was aged.[12]

About two-thirds of the 61 disabled recipients was diagnosed with either a mental disorder or musculoskeletal system and connective tissue disorder, though the proportion of recipients in each of these disability categories was different than the overall SSI disability population. The 61 disabled recipients had a lower rate of mental disorders and a higher rate of musculoskeletal system and connective tissue disorders. Specifically, 36 percent of the 61 recipients had a mental disorder; nearly 60 percent of the total SSI disability population had a mental disorder. Twenty-eight percent of the 61 recipients had a musculoskeletal system and connective tissue disorder; 10 percent of the total SSI population had similar disorders.

Disability Category	Number of Disabled Recipients Who Did Not Report Vehicle	Percent of Disabled Recipients Who Did Not Report	Percent of Overall SSI Disability Population
Mental	22	36	60
Musculoskeletal System and Connective Tissue	17	28	10
Other	22[13]	36	30
Total	**61**	**100**	**100**

We also found the 68 recipients were younger on average than the overall SSI population. Of the 68 recipients, 53 (78 percent) were age 18 to 64, with 15 (22 percent) age 65 or older. In comparison, 68 percent of the total SSI population over the age of 17 was between the ages of 18 and 64, and 32 percent was 65 years old or older.

We also found the 68 individuals who did not report their vehicle ownership to SSA were more likely to live in areas of lower population density. The servicing SSA field offices for 54 (79 percent) of the recipients were located in areas with a population density of less than 2,000 people per square mile. In fact, half of these recipients lived in an area with a population density of less than 100 people per square mile.

[12] Our sample included only SSI recipients 18 years old or older.

[13] The diagnoses for 7 of the 22 “Other” cases were categorized as "Diagnosis is Unknown" or “Diagnosis Established-No Predetermined List Code.” The remaining 15 had disability types other than mental or musculoskeletal system and connective tissue disabilities.

Lastly, 40 (59 percent) of the recipients purchased vehicles after they started receiving SSI payments. Also, most of the 68 recipients who failed to report their vehicle ownership told SSA they did not possess any other type of resources; 52 (77 percent) of the recipients reported to SSA they had no resources.

Resource Determinations

SSA staff is not required to note whether LexisNexis was used to assist in resource verification. However, we looked for any such indications in SSA's records.[14] We did not find indications that SSA staff used LexisNexis to verify the accuracy of vehicle ownership statements made by SSI recipients either initially or during redetermination interviews for the 68 recipients who inaccurately reported their vehicle ownership.

It would be difficult for all SSA field office staff to use LexisNexis on every claim or redetermination. While SSA has an Interagency Agreement to access LexisNexis, access is limited to no more than two employees in each field office. Also, information on vehicle registration in LexisNexis is limited to 30 States and DC because of varying State laws regarding access rights to vehicle ownership records. However, SSA may be able to obtain vehicle ownership information directly from States that do not currently have such information in LexisNexis. For example, while vehicle ownership records for California's and Virginia's residents are not included in LexisNexis, these States have procedures in place that should allow SSA to gain access to this information.

We also determined when SSA last completed a redetermination for each of the 68 recipients. Per SSA policy,[15] redeterminations should be completed at least once every 6 years. Of the 68 recipients who inaccurately reported vehicle ownership, 17 had not had a redetermination in the last 6 years,[16] which included 3 of the 11 recipients who were improperly paid.

[14] SSA records reviewed included those in the SSR, Modernized Supplemental Security Income Claims Systems and Claims File Records Management System.

[15] SSA, POMS, SI 02305.010.

[16] SSA decided not to conduct the scheduled 6-year redeterminations due in Fiscal Year 2008.

Determination of the Current Market Value of Vehicles

Once SSA determines a recipient owns a vehicle, policy provides guidance on how to determine the CMV[17] of an automobile using the on-line NADA e-Valuator. Per SSA policy, field office staff should use the average trade-in value of the vehicle provided by the NADA e-Valuator or obtain the trade-in value from a disinterested, knowledgeable source[18] if the trade-in value is unavailable from the site.

Among the cases we asked SSA to review, it appeared that field office staff did not determine the CMV from the NADA e-Valuator or another third-party source for at least 17 vehicles. For example, in one case, SSA staff accepted the vehicle value alleged by the recipient as $60, whereas the NADA e-Valuator listed the value as $1,300. In another case, SSA accepted the recipient's word of how much he received when he sold a car ($75) when he reported he no longer owned the vehicle. However, the recipient did not provide an invoice to show the sale price, and the vehicle's value in the NADA e-Valuator was listed as $1,475. The differences in the alleged values of the vehicles and the values listed on NADA e-Valuator are significant and can place a recipient over the resource limit.

We also found that some SSA staff used the NADA e-Valuator Rough Trade-In Value[19] in lieu of the Average Trade-In Value, which provides a lower estimated vehicle value. Lastly, staff used the current default year in the NADA e-Valuator in cases that needed a resource determination for a prior period. The NADA e-Valuator allows users to access car guides from previous years to determine the value of a car in the past. By using the Rough Trade-In Value and the current year's car guide to determine the value of a car in the past, SSA staff may have undervalued the vehicles.

Other Resources

When researching the 275 sampled cases in LexisNexis to determine vehicle ownership, we found other possible unreported resources, income, and/or living arrangement issues. Also, when SSA developed the cases we referred to it, its staff found that some of the recipients had unreported resources and/or income issues other than those related to vehicles. In total, seven recipients had unreported resources, income, or living arrangements that resulted in $26,578 in improper payments. For example, in one case, SSA identified an unreported pension fund the value of which

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[17] See Footnote 3.

[18] According to POMS, GN 00301.210.B, SSA may purchase certified copies of documentary evidence for any eligibility requirement under Title XVI if both the following are met: (1) the applicant cannot be expected to obtain the evidence; and (2) the evidence cannot be obtained without payment of a fee or if purchase of the evidence is the most economical method of obtaining it.

[19] The policy (POMS, SI 01130.200. I .2) was amended during our review period and now instructs staff not to use the NADA e-Valuator Rough Trade-In Value or Clean Trade-In Value as the CMV for resource determinations unless the individual presents clear evidence that the vehicle should be considered in one of those categories.

exceeded the SSI resource limit. For another recipient, SSA identified rental income from an unreported property. This property did not impact the individual's eligibility for SSI payments since the loan amount on the property was higher than its current market value. (These other resource issues will be addressed in future reports.)

CONCLUSION AND RECOMMENDATIONS

SSA's records on SSI recipients' resources related to vehicle ownership were not always accurate. Specifically, one in four of the recipients we reviewed owned a vehicle even though they reported they did not. As a result, some of these recipients were improperly paid when the value of their unreported vehicles was taken into account. The recipients with unreported vehicles in our sample were more likely to be disabled, have a mental or musculoskeletal system and connective tissue disorder, and were younger on average than the overall SSI population. Also, they were more likely to live in a community with a lower population density, report no other resources and obtain their vehicles after becoming eligible for SSI payments.

While SSA has an Interagency Agreement to access LexisNexis in its field offices, SSA limits the number of staff with access to LexisNexis, and vehicle information within the database is limited to 30 States[20] and DC because of varying State laws regarding access rights to vehicle ownership records. While some State laws prevent vehicle information from being included in LexisNexis, SSA still may be able to obtain vehicle ownership from these States. For example, while Virginia's vehicle information is not included in LexisNexis, it allows Government employees long-term access to the information once certain forms are submitted to the State.

Additionally, our review showed that once SSA determined a recipient owned a vehicle, field office staff did not always comply with SSA policy by using the NADA e-Valuator or another third-party auto valuation service to determine the vehicle's value.

To help accurately identify the value of applicants and recipients' vehicle related resources, we recommend that SSA:

1. Assess the costs/benefits of requiring the use of LexisNexis queries for those SSI applicants and recipients determined to be less likely to report vehicle ownership.

2. Assess the costs/benefits of obtaining vehicle registration information directly from States which allow access to vehicle ownership records so it can be used to verify recipients' resources during initial applications and redeterminations.

3. Use the vehicle registration information obtained from LexisNexis or directly from the States to update the redetermination selection model to ensure recipients less likely to report their vehicle ownership are selected more frequently for redeterminations.

[20] See Appendix B for the 30 States for which LexisNexis has vehicle information. The database also contains boat registration information for 34 States and real property information for 47 States and DC.

4. Remind staff to follow policy on the use of the NADA e-Valuator or a disinterested, knowledgeable source when determining the value of applicants or recipients' vehicles.

AGENCY COMMENTS AND OIG RESPONSE

SSA agreed with all our recommendations. See Appendix D for the text of SSA's comments.

Patrick P. O'Carroll, Jr.

Appendices

Acronyms

CMV	Current Market Value
DC	District of Columbia
LexisNexis	LexisNexis Risk Management Solution Database
NADA	National Automobile Dealer's Association
POMS	Program Operations Manual System
SSA	Social Security Administration
SSI	Supplemental Security Income
SSR	Supplemental Security Record

Scope and Methodology

To accomplish our objective, we:

- Reviewed applicable sections of the *Social Security Act* and other relevant legislation, as well as the Social Security Administration's (SSA) regulations, rules, policies and procedures.

- Obtained a data file of 94,660 individuals receiving Supplemental Security Income (SSI) payments who reported no vehicle ownership or disposal agreement (that is, ownership of any car, boat, recreational vehicle, etc.) to SSA and resided in the 30 States[1] and the District of Columbia for which the LexisNexis Risk Management Solution Database (LexisNexis) has vehicle information. This population represents SSI recipients age 18 and older who received payments as of May 2008.

- Selected a random sample of 275 recipients to determine vehicle ownership by comparing SSI and LexisNexis motor vehicle, boat and aircraft registration information. We used both the personal property search and people search function in LexisNexis to determine whether SSI applicants and recipients disclosed their ownership of such resources. We also reviewed ownership of other countable assets for our sampled cases with excess vehicles to further develop their SSI eligibility.

- Determined the recipients' SSI eligibility by reviewing all the pertinent information in LexisNexis, such as the acquisition date and the value of vehicle(s), and Modernized Supplemental Security Income Claims Systems claims path in relation to other alleged/verified resources. If the value of the second vehicle and/or other identified vehicles did not exceed the resource limit of $2,000 ($3,000 for a couple), we further determined whether they had any other assets (for example, real property), which could make them ineligible. When there was more than one automobile, we excluded the one with the higher value when such information was available.

- Used Vehicle Identification Numbers or detailed descriptions of vehicles to determine the value of each vehicle identified from LexisNexis vehicle information by using the average Trade-In value option in the National Automobile Dealer's Association e-Valuator. (Note: if a vehicle was over 20 years old, but less than 25 years, we used the value shown for it at 20 years old, as instructed in Program Operations Manual System, SI 01130.200.I.2.)

[1] Alabama, Alaska, Colorado, Connecticut, Delaware, Florida, Idaho, Illinois, Kentucky, Louisiana, Maine, Maryland, Massachusetts, Michigan, Minnesota, Mississippi, Missouri, Montana, Nebraska, Nevada, New Mexico, New York, North Dakota, Ohio, South Carolina, Tennessee, Texas, Utah, Wisconsin, and Wyoming.

- Calculated the potential improper payment if excess vehicles and/or other assets were not properly accounted previously for/by SSA. We applied the 2-year administrative finality rule for reopening a prior determination or decision (Program Operations Manual System, SI 04070.010).

- Identified 78 of the 275 sample recipients who appeared to own (or their spouse owned) 1 or more vehicles based on information in LexisNexis. We initially concluded that 53 of these 78 appeared to be ineligible for SSI payments because of excessive resources based on the value of a previously unreported vehicle and/or other resources or potential employment.

- Requested that SSA's Office of Operations contact the 53 recipients who appeared to have excess resources or income to determine their vehicle ownership and whether they were improperly paid. We also asked SSA to provide its own calculation of related improper payments if different from our calculations. Additionally, for informational purposes, we provided SSA the information for the 25 recipients who appeared to have inaccurately reported vehicle ownership that did not impact their eligibility. SSA staff verified the ownership period for some of these 25 recipients and provided their findings.

Based on the information we provided SSA, the Agency concluded that 68 recipients had at least 1 or more vehicles that were previously unreported to SSA. Based on SSA's determination, we were able to identify (1) four recipients who were overpaid during the last 2 years since they became ineligible for SSI payments when the value of previously unreported vehicles was counted as resources; (2) seven recipients who owned vehicles causing them to exceed SSI resource limits, but they had disposed of the vehicles and remained eligible for SSI payments at the time of our review; and (3) eight recipients who had unreported resources other than vehicles, income or living arrangements that made them ineligible for SSI payments.

SSA calculated the overpayment amounts for the four recipients who were overpaid and ineligible for SSI payments. We calculated the improper payment amount for seven recipients who had owned and disposed of the vehicles more than 2 years before our review. We used the information SSA staff verified on vehicle ownership periods during their interviews with these recipients. If the recipients (or spouse) had owned the vehicles before August 2003, when SSA staff first had access to LexisNexis, we used that date as when the vehicle ownership began and calculated the improper payment accordingly. The values of the unreported vehicles brought these recipients over the resource limit for SSI eligibility in the past, though the improper payments totaling $53,261 cannot be recovered from these seven individuals because they disposed of their unreported vehicles more than 2 years ago.

We conducted our audit in the New York Audit Division between September 2008 and March 2009. We tested the data obtained for our audit and determined them to be sufficiently reliable to meet our objective. The entities audited were SSA's field offices under 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 perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Sample Results, Projections and Estimates

To meet our objective, we obtained a data extract from one segment of the Supplemental Security Record (SSR). The segment consisted of Supplemental Security Income (SSI) recipients as of May 13, 2008 who (1) reported to the Social Security Administration (SSA) that they did not own a vehicle; (2) were receiving monthly benefit payments; (3) were age 18 years or older; and (4) resided in 1 of the 30 States or the District of Columbia with vehicle information in the LexisNexis Risk Management Solution Database. The SSR segment contained 94,660 records that met the selection criteria. From this population, we randomly selected a sample of 275 individuals to determine the accuracy of the recipients' reporting of vehicle ownership.

We found that 68 recipients from the 275 sampled owned vehicles that had not been reported to SSA. We also found that 11 of the 68 individuals exceeded the resource limit for SSI eligibility when the values of the unreported vehicles were counted as resources, resulting in improper payments of $80,107. Estimating these results to the total population, we estimate that 468,140 recipients inaccurately reported their vehicle ownership to SSA. We also estimate that 75,720 recipients were improperly paid approximately $551 million due to inaccuracies within SSA's records related to vehicle ownership. The results of our sample and projections are noted below.

Table 1 – Population and Sample Size

Description	Number of Beneficiaries
Population Size (Data extract from one segment)	94,660
Sample Size	275

Table 2 – Number of SSI Recipients with Unreported Vehicles

Description	Number of Beneficiaries
Sample Results	68
Point Estimate	23,407
Projection - Lower Limit	19,397
Projection - Upper Limit	27,806
Estimate for Entire SSR[1]	468,140

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

[1] Represents the point estimate multiplied by 20 segments.

Table 3 – Number of Improperly paid SSI Recipients

Description	Number of Beneficiaries
Sample Results – Number of Beneficiaries Improperly paid	11
Point Estimate - Number of Beneficiaries Improperly paid	3,786
Projection - Lower Limit	2,141
Projection - Upper Limit	6,181
Estimate for Entire SSR[2]	75,720

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

Table 4 – SSI Improper Payments Resulting from Unreported Vehicles

Description	Improper Payments Due to Vehicle Ownership
Sample Results - Dollars Improperly Paid	$80,107
Point Estimate - Dollars Improperly Paid	$27,574,286
Projection - Lower Limit	$8,405,833
Projection - Upper Limit	$46,742,739
Estimate for Entire SSR[3]	$551,485,720

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

[2] *Id.*

[3] *Id.*

Agency Comments

SOCIAL SECURITY

MEMORANDUM

Date: June 30, 2009 Refer To: S1J-3

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

From: James A. Winn /s/
Chief of Staff

Subject: Office of the Inspector General (OIG) Draft Report, "Supplemental Security Income Recipients with Unreported Vehicles" (A-02-08-28038)—INFORMATION

Thank you for the opportunity to review and comment on the draft report. We appreciate OIG's efforts in conducting this review. Attached is our response to the report recommendations.

Please let me know if we can be of further assistance. Staff inquiries may be directed to Candace Skurnik, Director, Audit Management and Liaison Staff, at (410) 965-4636.

Attachment

COMMENTS ON THE OFFICE OF THE INSPECTOR GENERAL'S DRAFT REPORT, "SUPPLEMENTAL SECURITY INCOME RECIPIENTS WITH UNREPORTED VEHICLES" (A-02-08-28038)

Our responses to your specific recommendations are as follows.

Recommendation 1

Assess the costs/benefits of requiring the use of LexisNexis queries for those SSI applicants and recipients determined to be less likely to report vehicle ownership.

Comment

We agree. We will determine if using LexisNexis queries for this purpose is feasible.

Recommendation 2

Assess the costs/benefits of obtaining vehicle registration information directly from States which allow access to vehicle ownership records so it can be used to verify recipients' resources during initial applications and redeterminations.

Comment

We agree. We will determine if obtaining vehicle registration information directly from States that allow access to vehicle ownership records is feasible.

Recommendation 3

Use the vehicle registration information obtained from LexisNexis or directly from the States to update the redetermination selection model to ensure recipients less likely to report their vehicle ownership are selected more frequently for redeterminations.

Comment

We agree. Depending on the results from our assessment of recommendations 1 and 2, we will consider using vehicle registration information obtained from LexisNexis or directly from the States to update our redetermination selection model.

Recommendation 4

Remind staff to follow policy on the use of the National Automobile Dealer's Association (NADA) e-Valuator or a disinterested, knowledgeable source when determining the value of applicants or recipients' vehicles.

Comment

We agree. We will issue a reminder to staff to follow the policy outlined in POMS SI 01130.200, including the proper use of the NADA e-Valuator guide, to determine the value of an applicant's or recipient's vehicle(s).

OIG Contacts and Staff Acknowledgments

OIG Contacts

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