

# The Social Security Administration's Prisoner Incentive Payment Program

## A-01-14-24100



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Office of Audit Report Summary

### Objective

To assess the accuracy of incentive payments to correctional facilities.

### Background

The *Social Security Act* allows the Social Security Administration (SSA) to make incentive payments to State and local correctional facilities that provide inmate data to SSA. The incentive payment provisions in the *Social Security Act* were established to encourage the reporting of inmate data that would allow SSA to timely suspend Old-Age, Survivors and Disability Insurance (OASDI) and Supplemental Security Income (SSI) benefits to prisoners.

Incentive payments are authorized in the following amounts: (a) \$400 for information received within 30 days after the individual's date of confinement due to conviction for an OASDI beneficiary or confinement for an SSI recipient, (b) \$200 for information received after 30 days but within 90 days after the individual's date of confinement due to conviction for an OASDI beneficiary or confinement for an SSI recipient, or (c) \$0 for information received on or after the 91<sup>st</sup> day following the individual's date of confinement due to conviction for an OASDI beneficiary or confinement for an SSI recipient

To conduct our audit, we identified 527,447 incentive payments made from June 2008 through February 2014. We randomly selected 275 cases from this population for detailed analysis.

### Our Findings

SSA was not paying incentive payments in accordance with the *Social Security Act*. We previously reported this issue in our July 2004 and August 2009 reports.

Based on our current review of 275 sample cases, we estimated that SSA incorrectly issued about 128,500 incentive payments totaling approximately \$35.3 million.

### Our Recommendations

We recommend SSA:

1. Modify its processes and system to pay incentive payments consistent with the *Social Security Act*.
2. Reinforce established procedures regarding proper development of incarcerated beneficiaries and recoup erroneous incentive payments to correctional facilities.

SSA agreed with the recommendations.