



Office *of the* Inspector General

SOCIAL SECURITY ADMINISTRATION

Audit Report

Old-Age, Survivors and Disability
Insurance Benefits Affected by
Federal Pensions

A-13-16-23006 | September 2016

OIG Office of the Inspector General
SOCIAL SECURITY ADMINISTRATION

MEMORANDUM

Date: September 29, 2016

Refer To:

To: The Commissioner

From: Acting Inspector General

Subject: Old-Age, Survivors and Disability Insurance Benefits Affected by Federal Pensions
(A-13-16-23006)

The attached final report presents the results of the Office of Audit's review. Our objective was to review the Social Security Administration's Windfall Elimination Provision and Government Pension Offset processes as they applied to Federal pensions.

If you wish to discuss the final report, please call me or have your staff contact Rona Lawson, Assistant Inspector General for Audit, 410-965-9700.



Gale Stallworth Stone

Attachment

Old-Age, Survivors and Disability Insurance Benefits Affected by Federal Pensions A-13-16-23006



September 2016

Office of Audit Report Summary

Objective

To review the Social Security Administration's (SSA) Windfall Elimination Provision (WEP) and Government Pension Offset (GPO) processes as they applied to Federal pensions.

Background

The *Social Security Act* includes two provisions that reduce Social Security monthly benefits paid to individuals who receive a pension based on Federal, State, or local government employment not covered by Social Security. WEP eliminates "windfall" Social Security benefits for retired and disabled workers receiving pensions from employment not covered by Social Security. Under WEP, SSA uses a modified benefit formula to determine a wage earner's monthly Social Security benefit. GPO reduces monthly Social Security benefits for spouses, divorced spouses, and surviving spouses who receive a pension based on their own work for a Federal, State, or local government that was not covered by Social Security. The GPO reduction is generally equal to two-thirds of the government pension.

Findings

SSA needs to improve its controls to ensure WEP is timely and accurately applied for Federal pensions. We determined WEP should have been applied to 14 of the 250 beneficiaries sampled. We did not identify any beneficiaries for whom GPO should have been applied. Although SSA was aware these 14 beneficiaries had a government pension, the Agency did not reduce their benefit payments for WEP. The 14 beneficiaries received about \$372,000 in overpayments. Based on our sample results, we estimate SSA overpaid about \$129 million in Old-Age, Survivors and Disability Insurance benefits to about 4,900 beneficiaries.

Because of its administrative finality policies, SSA may not correct all payment errors we identified. If it does not take corrective action, we estimate the Agency will pay an additional \$48 million in future payments to these beneficiaries.

Recommendations

We recommend SSA:

1. Complete the WEP and administrative finality determinations for the remaining nine beneficiaries identified during this review and collect overpayments, if applicable.
2. Send a reminder to staff to take the appropriate action on reported pension information.
3. Finalize changes to its administrative finality policy regarding whether the Agency should continue to pay prospective benefits even where administrative finality currently prohibits reopening the determination.

SSA agreed with our recommendations.

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ABBREVIATIONS

ASM	Annuity and Survivors Master
C.F.R.	Code of Federal Regulations
FY	Fiscal Year
GPO	Government Pension Offset
ICERS	Informational/Certified Earnings Record System
MBR	Master Beneficiary Record
MEF	Master Earnings File
OASDI	Old-Age, Survivors and Disability Insurance
OIG	Office of the Inspector General
OPM	Office of Personnel Management
POMS	Program Operations Manual System
Pub. L. No.	Public Law Number
SSA	Social Security Administration
Stat.	United States Statutes at Large
U.S.C.	United States Code
WEP	Windfall Elimination Provision

OBJECTIVE

Our objective was to review the Social Security Administration’s (SSA) Windfall Elimination Provision (WEP) and Government Pension Offset (GPO) processes as they applied to Federal pensions.

BACKGROUND

SSA administers the Old-Age, Survivors and Disability Insurance (OASDI) program under Title II of the *Social Security Act*.¹ The program provides monthly benefits to retired or disabled workers and their families and to survivors of deceased workers. An individual may be eligible for benefits under his/her own work history as well as under a spouse’s work history.

The *Social Security Act* includes two provisions that reduce Social Security monthly benefits paid to individuals who receive a pension based on Federal, State, or local government employment not covered by Social Security. The WEP eliminates “windfall” Social Security benefits for retired and disabled workers receiving pensions from employment not covered by Social Security. Under this provision, SSA uses a modified benefit formula to determine a wage earner’s monthly Social Security benefit.² GPO reduces monthly Social Security benefits for spouses, divorced spouses, and surviving spouses who receive a pension based on their own work for a Federal, State, or local government that was not covered by Social Security. The GPO reduction is generally equal to two-thirds of the government pension.³ However, under certain conditions, beneficiaries may receive an exemption from WEP⁴ or GPO.⁵

According to SSA,⁶ WEP and GPO are major causes of improper payments in the OASDI program. For FYs 2010 through 2014, WEP accounted for 60 percent of reported computation overpayment errors—the average overpayments related to WEP totaled about \$405 million, annually. GPO errors accounted for about 9 percent of all OASDI deficiency dollars for FYs 2010 through 2014. Most of the errors are due to the Agency’s failure to take the appropriate action on reported pension information. Although some errors, such as GPO, represent only a small percent of OASDI cases, they account for large deficiency dollars

¹ *Social Security Act* § 201, *et seq.*, 42 U.S.C. §401, *et seq.*

² *Social Security Act* §§ 215 (a)(7) and (d)(3), 42 U.S.C. §§415 (a)(7) and (d)(3).

³ *Social Security Act* § 202 (k)(5), 42 U.S.C. § 402 (k)(5).

⁴ SSA, POMS, RS 00605.360 (June 24, 2013); RS 00605.362 (October 24, 2014); RS 00605.364 (September 18, 2013); RS 00605.380 (December 26, 2012); RS 00605.383 (May 6, 1999); RS 00605.386 (September 21, 2004); and GN 00307.290 (October 24, 2014).

⁵ SSA, POMS, GN 02608.101 (April 3, 2012); GN02608.103 (August 15, 2013); GN 02608.104 (June 11, 2012); GN 02608.105 (April 3, 2012); GN 02608.106 (April 3, 2012); GN 02608.107 (August 11, 2010); and GN 02608.700 (May 28, 1996).

⁶ SSA Office of Budget, Finance, Quality, and Management, *FY 2014 Title II Payment Accuracy Report*, May 2015.

because, when the error occurs, the entire benefit is usually incorrect. The annual average overpayments related to GPO from FYs 2010 through 2014 totaled about \$329 million.⁷ To address this issue, SSA was seeking a legislative proposal to improve its collection of pension information and transition after 10 years to an alternative approach for handling WEP and GPO.⁸

To assist SSA in making WEP and GPO determinations, the Office of Personnel Management (OPM) provides SSA with its Annuity and Survivors Master (ASM) file,⁹ which contains payment information for civil service annuitants.¹⁰ SSA matches the ASM file to its Master Beneficiary Record (MBR). The WEP match determines whether WEP has been applied or there is an exclusion. The GPO match identifies cases that require the initiation of an offset or changes in the offset dollar amount. The two matches result in the (1) detection and recovery of overpayments and (2) avoidance of future overpayments due to changes in the monthly benefit amount.¹¹

As of October 2014, the ASM file contained over 2 million records. In March 2015, we compared this file to all 20 segments of the Agency's MBR.¹² After applying additional screening criteria, we identified 86,830 Federal annuitants who were receiving OASDI benefits but for whom there was no evidence of a WEP or GPO decision. We randomly selected a sample of 250 beneficiaries to determine whether WEP or GPO was applicable and calculated any related improper payments. See Appendix A for a discussion of our scope and methodology and Appendix B for our sampling methodology and results.

⁷ Id.

⁸ *Social Security and Public Servants: Ensuring Equal Treatment. Hearing Before the House Committee on Ways and Means, Subcommittee on Social Security*, 114th Cong. (2016) (statements of Stephen Goss, Chief Actuary, and Samara Richardson, Acting Associate Commissioner, Office of Income Security Programs).

⁹ OPM estimates its civil service benefit and payment data are 95-percent accurate. Computer Matching Agreement Between the Office of Personnel Management and the Social Security Administration, Effective October 13, 2015 to April 12, 2017.

¹⁰ Computer Matching Agreement Between the Office of Personnel Management and the Social Security Administration, Effective October 13, 2015 to April 12, 2017, Matches #1005, #1019, #1020 and #1021.

¹¹ SSA estimates the WEP matching operation will result in gross savings of about \$14.8 million, with estimated costs of about \$477,000. This results in a benefit-to-cost ratio of 31-to-1. Similarly, SSA estimates the GPO matching operation will result in a 10-to-1 benefit-to-cost ratio based on about \$10.2 million savings to \$988,000 in costs. *Computer Matching Agreement Between the Office of Personnel Management and the Social Security Administration*, Effective October 13, 2015 to April 12, 2017, Matches #1020 and #1021.

¹² The MBR comprises 20 specific groupings of records called "segments."

RESULTS OF REVIEW

SSA's WEP process, as it applies to Federal pensions, could be improved. We identified OASDI beneficiaries who were overpaid because SSA had not reduced their benefits for Federal pensions based on non-covered employment. Of the 250 beneficiaries sampled,

- 14 had received Federal pensions and were overpaid about \$372,000;¹³
- 228 were not subject to WEP or GPO; and
- 2 had their payments reduced, as SSA had applied WEP.

In addition, we could not determine the applicability of WEP for six beneficiaries.

Based on the results of our review, we estimated SSA overpaid about \$129 million in OASDI benefits to approximately 4,900 beneficiaries because Agency staff did not apply WEP to their OASDI benefits. Further, if SSA does not correct the payment errors, we estimate it will pay an additional \$48 million over the beneficiaries' lifetimes.

Beneficiary Payments Affected by Federal Pensions

We found instances where SSA overpaid beneficiaries because of their Federal pensions. Of the 250 beneficiaries sampled, we determined that WEP or GPO did not apply to 228, and SSA had already applied WEP for 2. For six beneficiaries, we were unable to determine whether WEP was applicable because of conflicting information recorded in SSA's systems.¹⁴ However, we determined WEP should have been applied to the remaining 14 beneficiaries' payments.

For all 14 beneficiaries we identified, SSA was aware of the government pension because it was (a) included in the ASM file, (b) posted on SSA's Master Earnings File (MEF), and/or (c) recorded in the Agency's Modernized Claims System based on the beneficiary's own acknowledgment. However, SSA did not timely impose WEP to reduce beneficiaries' monthly Social Security benefits. The 14 beneficiaries received about \$372,000 in OASDI overpayments. Based on our sample results, we estimated SSA overpaid about \$129 million in OASDI benefits to about 4,900 beneficiaries. Further, we estimate SSA will pay an additional \$48 million over the beneficiaries' lifetimes if the payment errors are not corrected.¹⁵

¹³ During our review, 1 of the 14 beneficiaries we identified was under investigation.

¹⁴ For these six beneficiaries, SSA's Informational/Certified Earnings Record System (ICERS) reflected a pension date of eligibility of 1986 or later. However, based on the number of months of service recorded in ICERS, these beneficiaries could have been eligible for a pension before 1986. If the latter is correct, the beneficiaries would be exempt from WEP. However, if the former is correct, the WEP exemption would not apply. According to the Agency, its Online Retrieval System no longer includes notices from this period and paper claim folders have been destroyed. Therefore, we could not determine whether WEP was applicable.

¹⁵ We are 90-percent confident the number of beneficiaries ranged from 2,970 to 7,477, the overpayments ranged from \$67,625,830 to \$190,837,905, and the future payment errors ranged from \$11,457,187 to \$85,375,629.

For example, one beneficiary became eligible for a government pension in September 1990. In April 2003, the beneficiary began receiving a government pension and OASDI benefits. The Agency acknowledged, at initial entitlement, there was information in its file indicating the beneficiary was entitled to a government pension based on non-covered earnings, but SSA staff did not follow through on the issue.¹⁶ The beneficiary was overpaid about \$43,000 from April 2003 to December 2015. Since SSA determined administrative finality precluded the imposition of WEP and did not correct the benefit payment, we estimate the beneficiary will be paid an additional \$59,000 over his/her lifetime that he/she would not receive if WEP had been correctly applied.

In another instance, a beneficiary met the eligibility requirements to receive a government pension in December 1993. Beginning January 1994, the beneficiary started receiving both a pension and OASDI benefits. During the interview for Social Security benefits, the beneficiary informed SSA staff of entitlement to a pension from work not covered under Social Security.¹⁷ Further, the beneficiary was included in the ASM file that SSA receives from OPM. However, SSA did not reduce the OASDI benefits for WEP. The beneficiary was overpaid about \$17,000 from January 1994 to December 2015. The Agency did not detect this error until April 2015, more than 21 years after the beneficiary's initial entitlement. SSA reports that administrative finality applied; therefore, it was barred from correcting the payment error. Hence, we estimate the beneficiary will receive additional payments of \$6,000 over his/her lifetime that he/she would not receive if WEP had been correctly applied.

Administrative Finality

Administrative finality is the concept that an Agency determination or decision becomes final and binding when rendered, unless it is timely appealed or subsequently reopened.¹⁸ Generally, if the Agency discovers an error more than 4 years after the initial determination, it will not correct the error since the result of revising the record would be unfavorable to the claimant.¹⁹ However, there are various situations, such as fraud or similar fault, in which the Agency can reopen a case.²⁰

Because of administrative finality, the Agency may not correct the WEP payment errors for 12 of the 14 beneficiaries we identified. For example, we determined that, in at least 9 of the 14 cases, the beneficiary informed the Agency that he/she was entitled to a non-covered government pension. According to SSA policy, if there was information in the file that the claimant was entitled to a non-covered pension when they initially became entitled to Social Security benefits,

¹⁶ The MEF displays W-2 pension earnings for this beneficiary for 1990. Further, the ASM file indicated the beneficiary was still entitled to a pension as of October 2014.

¹⁷ This information is recorded in SSA's Modernized Claims System.

¹⁸ SSA, POMS, SI 04070.005 (June 14, 2005 and September 8, 2016).

¹⁹ SSA, POMS, GN 04030.100 (August 7, 2013).

²⁰ SSA, POMS, GN 04030.100 (August 7, 2013) and GN 04030.090 (April 27, 2016).

but the adjudicator did not apply the pension offset, the Agency cannot correct the error after 4 years.²¹

However, for 2 of the 14 cases, SSA may be able to apply WEP and recover the related overpayments. We estimate these two beneficiaries were overpaid about \$48,000. In both cases, the beneficiaries indicated they were not entitled, and they did not expect to be entitled, to a pension from work not covered under Social Security. According to SSA policy,²² if a claimant is receiving a non-covered pension, but answers that they are not entitled to a non-covered pension at the interview for Social Security benefits, a claim should be developed for fraud or similar fault.²³ If the Agency establishes fraud or similar fault, it can reopen and revise the initial determination from the date the claimant became entitled to both a non-covered pension and SSA benefits. If SSA cannot establish fraud or similar fault, it may reopen the case based on good cause.²⁴ If good cause is established and all the requirements for reopening the case are met, the Agency can reopen and revise the initial determination from the date the claimant became entitled to both a non-covered pension and SSA benefits. Unless the Agency takes corrective action on these two cases, it will pay an additional \$127,000 over the beneficiaries' lifetimes.

On April 4, 2016, we provided the Agency details of the 14 error cases. For 5 of the 14 cases, the Agency had already determined, and posted to its records, that administrative finality applied. However, as of July 2016, the Agency had not determined whether administrative finality applied to the remaining nine beneficiaries.

In a July 2012 report, we recommended that SSA evaluate its administrative finality policies and regulations and consider revising the rules to allow for more debt to be collected.²⁵ The Agency agreed with our recommendation and reported it had evaluated its administrative finality policies and regulations and considered four proposals for changing the rules of administrative finality. In July 2013, SSA published a Federal Register notice to request comments from the public regarding possible changes to its administrative finality rules.²⁶

²¹ SSA, POMS, GN 04030.100 B.1. (August 7, 2013) and GN 04030.090 B.1. (April 27, 2016).

²² SSA, POMS, GN 04030.100 B.2. (August 7, 2013).

²³ Fraud exists when a person, with intent to defraud, either (1) makes, or causes to be made, a false statement or misrepresentation of a material fact for use in determining rights to Social Security benefits or (2) conceals, or fails to disclose, a material fact for use in determining rights to Social Security benefits. Similar fault exists when a person either (1) knowingly makes an incorrect or incomplete statement that is material to the determination or (2) knowingly conceals information that is material to the determination. SSA, POMS, GN 04020.010 A (July 16, 2015 and September 8, 2016).

²⁴ Good cause exists if there is a clerical error, error on the face of the evidence, or new and material evidence. SSA can reopen the case within 4 years of the date of the notice of the initial determination for good cause. SSA, POMS, GN 04010.001 A.1 (September 9, 2011).

²⁵ SSA OIG, *Significance of Administrative Finality in the Social Security Administration's Programs* (A-08-11-21107), July 2012.

²⁶ *Rules of Administrative Finality*, 78 Fed. Reg. 46,309-10 (July 31, 2013).

In the notice, SSA acknowledged that its administrative finality rules were difficult to administer and could result in confusion for its adjudicators as well as the public. Further, the Agency had not revised some of its administrative finality rules in 60 years. During that time, SSA's workloads increased, and its programs became more complex. SSA indicated that modifying the administrative finality rules would enable the Agency to take corrective action on more cases and could decrease the amount of improper payments. As of June 2016, the Agency reported it was still exploring changes to simplify and streamline its rules of administrative finality. SSA continues to gather data to support eventual revisions.

Based on administrative finality policies at the time of our review, SSA may not correct all payment errors we identified. If the Agency does not correct these payment errors, we project the Agency will pay an additional \$48 million in future payments. Recent legislation regarding improper payments requires that agencies take action to identify and remedy erroneous payments.²⁷ Further, one of the Agency's priorities is to strengthen the integrity of its programs and increase payment accuracy.²⁸ Therefore, we believe the Agency should continue evaluating its administrative finality policies to prevent future improper payments once it detects an error.

CONCLUSIONS

SSA needs to improve its controls to ensure WEP is timely and accurately applied for Federal pensions. Based on our sample of 250, we did not identify any beneficiaries who were overpaid because of GPO. However, we determined 14 beneficiaries received about \$372,000 in OASDI overpayments because WEP was not applied. As a result, we estimate SSA overpaid about \$129 million in OASDI benefits to about 4,900 beneficiaries. Further, if the Agency does not correct the payment errors, we estimate SSA will pay an additional \$48 million over the beneficiaries' lifetimes.

²⁷ Several laws have been enacted to reduce improper payments in Federal programs including the *Improper Payments Information Act of 2002*, Pub. L. No. 107-300, 116 Stat. 2350 (2002); *Improper Payments Elimination and Recovery Act of 2010*, Pub. L. No. 111-204, 124 Stat. 2224 (2010) and *Improper Payments and Eliminations Recovery Improvement Act of 2012*, Pub. L. No. 112-248, 126 Stat. 2390 (2013).

²⁸ SSA, Agency Strategic Plan, Fiscal Years 2014-2018.

RECOMMENDATIONS

We recommend SSA:

1. Complete the WEP and administrative finality determinations for the remaining nine beneficiaries identified during this review and collect overpayments, if applicable.
2. Send a reminder to staff to take the appropriate action on reported pension information.
3. Finalize changes to its administrative finality policy regarding whether the Agency should continue to pay prospective benefits even where administrative finality currently prohibits reopening the determination.

AGENCY COMMENTS

SSA agreed with our recommendations. The Agency's comments are included in Appendix C.



Rona Lawson
Assistant Inspector General for Audit

APPENDICES

Appendix A – SCOPE AND METHODOLOGY

To accomplish our objective, we:

- Obtained and reviewed applicable Federal laws and regulations and the Social Security Administration's (SSA) policies and procedures.
- Reviewed prior Office of the Inspector General reports pertaining to the Windfall Elimination Provision (WEP) and Government Pension Offset (GPO).
- Coordinated with personnel from the Office of Personnel Management (OPM) and SSA's Offices of Operations, Systems, and Retirement and Disability Policy.
- Identified SSA's ongoing and planned initiatives to improve payment accuracy for WEP and GPO.
- Obtained and analyzed a data extract from OPM's Annuity and Survivors Master (ASM) file and SSA's Master Beneficiary Record (MBR), Death Master File, and Master Earnings File (MEF). See Appendix B for detailed information.
- Selected a random sample of 250 beneficiaries. For the sample cases, we examined information in OPM's ASM file and reviewed queries from SSA's MBR, Informational/Certified Earnings Record System, MEF, and Modernized Claims System to determine applicability of WEP or GPO and calculate the related overpayments.
- Requested SSA review those instances where it appeared WEP or GPO applied. We provided information regarding the 14 cases we identified to SSA for resolution.
- Estimated future overpayments using the life tables in the Department of Health and Human Services, Centers for Disease Control and Prevention, National Vital Statistics Report.

We conducted our review from October 2015 to July 2016 at SSA's Headquarters in Baltimore, Maryland. The principal entities audited were the Offices of the Deputy Commissioners for Operations and Systems.

We determined the computer-processed data used for this audit were sufficiently reliable to meet our audit objective. Further, any data limitations were minor in the context of this assignment, and the use of the data should not lead to an incorrect or unintentional conclusion.

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 that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Appendix B – SAMPLING METHODOLOGY AND RESULTS

We obtained an electronic data extract of information from the Office of Personnel Management’s Annuity and Survivors Master file as of October 2014, which contained over 2 million records. We refined the file¹ by applying various screening criteria. For example, we excluded

- beneficiaries who had a Windfall Elimination Provision (WEP) or Government Pension Offset (GPO) applied to their record,
- deceased beneficiaries,
- beneficiaries in non-payment status,
- beneficiaries who were not subject to WEP or GPO requirements (child beneficiaries and Federal Employees Retirement System annuitants),
- beneficiaries whom SSA had determined were exempt from WEP or GPO,
- primary beneficiaries who had at least 30 years of coverage,
- primary beneficiaries who had a current entitlement date before 1986, and
- beneficiaries who did not have a pension amount.

After applying the screening requirements, we identified 86,830 Federal annuitants who were receiving Old-Age, Survivors and Disability Insurance (OASDI) benefits but for whom there was no evidence of a WEP or GPO decision. We selected a random sample of 250 beneficiaries to determine whether WEP or GPO was applicable and calculated any related improper payments.

Table B–1: Population and Sample Size

Description	Number
Population	86,830
Sample Size	250

Our review determined SSA overpaid about \$372,000 in OASDI benefits to 14 beneficiaries. Projecting our sample results to the population, we estimate approximately 4,900 beneficiaries were overpaid about \$129 million because WEP had not been applied. Further, approximately

¹ The data extract was refined based on information contained in the Office of Personnel Management’s Annuity and Survivors Master file as well as SSA’s Master Beneficiary Record as of March 2015, Death Master File as of September 2015, and Master Earnings File as of October 2015.

an additional \$48 million in overpayments could accrue over the beneficiaries' lifetimes if SSA does not take corrective action.

Table B-2: Number of OASDI Beneficiaries Who Should Have WEP Applied

Description	Number
Sample Results	14
Point Estimate	4,862
Projection Lower Limit	2,970
Projection Upper Limit	7,477

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

Table B-3: Amount of OASDI Benefits Not Offset for WEP

Description	Amount
Sample Results	\$372,083
Point Estimate	\$129,231,868
Projection Lower Limit	\$67,625,830
Projections Upper Limit	\$190,837,905

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

Table B-4: Amount of OASDI Benefits that Will be Paid in the Future if WEP Is Not Applied²

Description	Amount
Sample Results	\$257,500
Point Estimate	\$48,416,408
Projection Lower Limit	\$11,457,187
Projection Upper Limit	\$85,375,629

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

² The future projection is based on 13 of the 14 errors, as we determined 1 error, totaling about \$118,000, to be an outlier. We removed this outlier from our monetary projections; however, had it remained, the projection point estimate would have been \$89,434,900.

Appendix C – AGENCY COMMENTS



SOCIAL SECURITY

MEMORANDUM

Date: September 23, 2016

Refer To: SIJ-3

To: Rona Lawson
Assistant Inspector General for Audit

From: Frank Cristaudo /s/
Counselor to the Commissioner

Subject: Office of the Inspector General Draft Report, "Old-Age, Survivors and Disability Insurance Benefits Affected by Federal Pensions" (A-13-16-23006)--INFORMATION

Thank you for the opportunity to review the draft report. Please see our attached comments.

Please let me know if we can be of further assistance. You may direct staff inquiries to Gary S. Hatcher at (410) 965-0680.

Attachment

**COMMENTS ON THE OFFICE OF THE INSPECTOR GENERAL DRAFT REPORT,
“OLD-AGE, SURVIVORS AND DISABILITY INSURANCE BENEFITS AFFECTED BY
FEDERAL PENSIONS” (A-13-16-23006)**

For the majority of the aged error cases, ranging from 1994 to 2016 (over 30 years), our analysis showed that 12 of the 14 error cases had initial entitlement dates in 1994 and earlier. Over time, we have implemented a number of policy and system enhancements to address the Windfall Elimination Provision (WEP) and the Government Pension Offset (GPO) provisions. In addition, we recently developed a WEP/GPO corrective action plan to mitigate potential future improper payments. The proposed initiatives include enhanced automation, additional training, policy updates, and pursuing data exchanges. We anticipate implementing our targeted deliverables in fiscal years 2017 and 2018. Below are our responses to the recommendations.

Recommendation 1

Complete the Windfall Elimination Provision and administrative finality determinations for the remaining nine beneficiaries identified during this review and collect overpayments, if applicable.

Response

We agree. We are taking the necessary action to review the nine remaining cases.

Recommendation 2

Send a reminder to staff to take the appropriate action on reported pension information.

Response

We agree to issue a reminder to staff to take appropriate action on reported pension information. We expect to issue this reminder by the end of calendar year 2016.

Recommendation 3

Finalize changes to its administrative finality policy regarding whether the agency should continue to pay prospective benefits even where administrative finality currently prohibits reopening the determination

Response

We agree. We will continue to work on finalizing our policy changes.

MISSION

By conducting independent and objective audits, evaluations, and investigations, the Office of the Inspector General (OIG) inspires public confidence in the integrity and security of the Social Security Administration's (SSA) programs and operations and protects them against fraud, waste, and abuse. We provide timely, useful, and reliable information and advice to Administration officials, Congress, and the public.

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