



Office of the Inspector General
SOCIAL SECURITY ADMINISTRATION

Audit Report

Reducing Processing Centers'
Pending Actions

022313 June 2024



Office of the Inspector General

SOCIAL SECURITY ADMINISTRATION

MEMORANDUM

Date: June 28, 2024

Refer to: 022313

To: Martin O'Malley
Commissioner

From: Gail S. Ennis *Gail S. Ennis*
Inspector General

Subject: Reducing Processing Centers' Pending Actions

The attached final report presents the results of the Office of Audit's review. The objective was to determine whether the Social Security Administration met its performance measure to reduce the number of pending actions at processing centers.

Please provide within 60 days a corrective action plan that addresses each recommendation. If you wish to discuss the final report, please contact Michelle L. Anderson, Assistant Inspector General for Audit.

Attachment

Reducing Processing Centers' Pending Actions 022313



June 2024

Office of Audit Report Summary

Objective

To determine whether the Social Security Administration (SSA) met its performance measure to reduce the number of pending actions at processing centers (PC).

Background

SSA's eight PCs support field and hearing offices by handling appeal decisions, collecting debt, correcting records, performing program integrity work, and processing other complex Social Security retirement, survivors, and disability benefit payment decisions.

In Fiscal Year (FY) 2018, SSA established a performance measure on reducing the number of pending actions at PCs to improve customer service. The goal for the PC pending actions performance measure varies each year; annual goals are a projection of what SSA determines it can achieve based on expected resources and workloads for an upcoming FY.

Results

SSA met its annual PC pending actions performance measure goal in 4 of the 6 FYs between FY 2018 through 2023. SSA reported it did not meet its goals in the remaining 2 FYs because of unexpected staff reductions, increased workloads, and less than expected overtime funding it would have used to pay employees to process more PC pending actions.

Although SSA achieved its PC pending actions performance goals in 4 of the last 6 FYs, there was no overall reduction in PC pending actions over those 6 years. In fact, the PC pending actions backlog increased from 3.2 million in FY 2018 to 4.6 million in FY 2023. As the backlog grows, many PC pending actions remain unresolved for long periods of time. From a sample of 139 pending actions, 102 (73 percent) were pending for 300 days or more, with 60 of the 102 pending for 500 days or more.

Delays in processing PC pending actions can lead to higher improper payments, which increased some beneficiaries' financial burden as they waited longer for underpayments or were charged with increased overpayment amounts. If SSA resolved the PC pending actions we reviewed at the earliest possible instance, we estimate it would have determined approximately 528,000 beneficiaries were improperly paid approximately \$534 million. After the pending actions were not processed for 12 months, the improper payment amount for those same beneficiaries rose to approximately \$756 million. By the time of our review, many of the PC pending actions had been pending for longer than 12 months, and the improper payment amount had increased to approximately \$1.1 billion.

Recommendations

We made three recommendations with which SSA agreed:

1. Develop a workload and staffing plan to ensure the pending actions backlog is reduced from year to year.
2. Develop PC pending actions performance measures with goals to reduce the pending actions backlog from year to year.
3. Establish timeframe targets for PC workloads to limit increases to improper payments caused by processing delays and the burden they place on beneficiaries.

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ABBREVIATIONS

FY	Fiscal Year
OIG	Office of the Inspector General
PC	Processing Center
SSA	Social Security Administration

OBJECTIVE

To determine whether the Social Security Administration (SSA) met its performance measure to reduce the number of pending actions at processing centers (PC).

BACKGROUND

SSA's eight PCs nationwide support field and hearing offices by handling the most complex benefit payment decisions, in addition to issuing benefit payments after appeals decisions, determining and collecting debt, correcting records, and performing program integrity work.¹ PC employees address cases that automated programs cannot fully process.

SSA's Fiscal Year (FY) 2022 *National PC Work Plan* outlines a "... balanced approach to all workloads...", directing PC managers and employees to "... give appropriate attention to priority actions... and achieve acceptable levels of pending volume and age..."² Principles guiding the *Plan* include completing all priority workloads and using management strategies to deliver timely public service. The *Plan* designates certain PC workloads as priorities, with some having corresponding performance goals. The *Plan* also discusses non-priority workloads that do not have corresponding goals.³

In FY 2018, SSA established a performance measure to "... improve customer service by reducing the number of actions pending at the PCs."⁴ The performance measure has an annual goal that varies each year based on SSA's projections of available resources and expected workloads. In FY 2023, SSA's performance measure goal was to have no more than 4.7 million pending actions as of the end of the FY.

In FYs 2020 and 2021, SSA developed the *National Processing Center Roadmap* to prioritize and address selected workloads, (for example, returned checks and Medicare premium actions).⁵ The *Roadmap's* goals included promoting consistency in improving service delivery and streamlining business processes to reduce pending age and volume of cases.

¹ PC workloads are typically based on customers' Social Security numbers, with each PC addressing cases within certain Social Security number ranges where two centers focus on specialized workloads, such as foreign and disability claims. For field offices, the servicing field office is determined by customers' mailing addresses.

² SSA, FY 2022 National Processing Center Work Plan, p 1 (November 2021).

³ SSA, FY 2022 National Processing Center Work Plan, pp. 2 through 5 (November 2021). SSA lists its priority workloads in the *Key Initiatives and Workloads*, which include hearings, returned checks, and claims workloads. The *Plan* describes PC workloads not included as priorities in the *Key Initiative and Workloads* section, including Supplemental Security Income offset and continuing disability reviews.

⁴ SSA, Annual Performance Report: Fiscal Years 2017-2019, p. 9 (February 2018).

⁵ SSA, National Processing Center Roadmap (August 2021).

SCOPE AND METHODOLOGY

We gained an understanding of the PC pending actions performance measure and related goals, identified other goals pertaining to reducing PC pending actions, reviewed SSA plans and controls in place that support reducing PC pending actions, reviewed major PC workloads, reviewed a random sample of PC pending actions, reviewed staffing and overtime totals and workload data, and detailed SSA's progress in reducing PC pending actions. See Appendix A for more details on our audit scope and methodology.

RESULTS OF REVIEW

SSA met its annual PC pending actions performance measure goal in 4 of the 6 FYs between FY 2018 through 2023. SSA reported it did not meet its goals in the remaining 2 FYs because of unexpected staff reductions, increased workloads, and less than expected overtime funding it would have used to pay employees to process more PC pending actions.

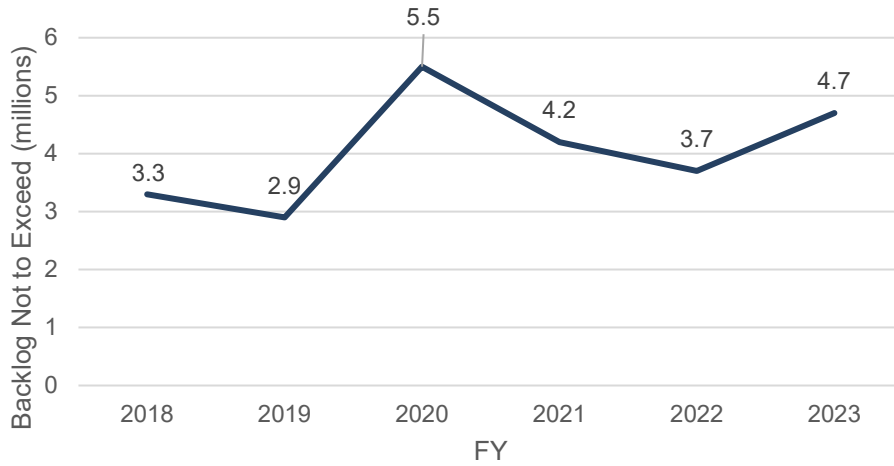
Although SSA achieved its PC pending actions performance goals in 4 of the last 6 FYs, there was not an overall reduction in PC pending actions over those 6 years, with the PC pending actions backlog increasing from 3.2 million in FY 2018 to 4.6 million in FY 2023. As the backlog grows, many PC pending actions remain unresolved for long periods of time. From a sample of 139 pending actions at the end of FY 2022, 102 (73 percent) were pending for 300 days or longer, with 60 of the 102 pending for 500 days or longer.

Pending Actions Performance Goals

To set annual goals for its PC pending actions performance measure, SSA first projects the number of pending actions it expects to receive and process in the upcoming FY based on multiple factors, including projected case receipts, overtime availability, and staffing availability. SSA then combines those totals with the current year's pending actions backlog, which is the number of unprocessed pending actions.⁶ Based on the combined numbers, SSA establishes the upcoming FY goal as what it expects its PC pending actions backlog total will be at the end of that FY. Given SSA's methods, its goals have fluctuated from year to year, with some annual goals higher than previous years' goals (see Figure 1).

⁶ Staffing availability includes training hours, employee leave, attrition rates, and employee productivity.

Figure 1: Annual Pending Actions Goals



Pending Actions Performance

SSA determines a FY goal is met when the actual number of backlogged pending actions at the end of the FY is lower than the goal for that year. For example, SSA concluded it met its FY 2023 goal because it had 4.6 million backlogged PC pending actions at the end of FY 2023, which was less than its goal of 4.7 million backlogged PC pending actions. For FYs 2018 through 2023, SSA met its performance measure goal in 4 years but did not meet it in 2 years (see Table 1).

Table 1: Number of Pending Actions Backlogged

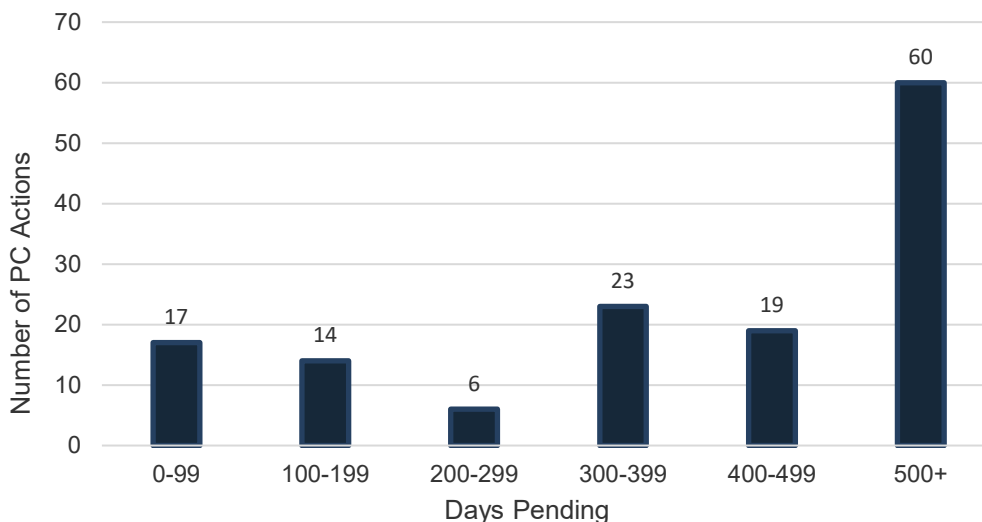
	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Pending Actions Backlog Goal (millions)	3.3	2.9	5.5	4.2	3.7	4.7
Pending Actions Backlog (millions)	3.2	4.5	3.8	3.9	4.2	4.6
Performance Measure Outcome	Met	Not Met	Met	Met	Not Met	Met

While SSA met its goals in 4 of the last 6 FYs between FY 2018 through 2023, SSA’s pending actions backlog increased from 3.2 to 4.6 million pending actions (a 44-percent increase) in that same timeframe. Although SSA’s performance measure is to reduce pending actions in PCs, SSA’s backlog and pending actions goal have increased since FY 2018. As of February 2024, the PC pending actions backlog reached an all-time high of 5.2 million pending actions. While SSA intends to reduce the PC pending actions overall, it “...cannot control incoming work or resources available to process the work, so the total PC pending may not be reduced each year, although that is always the goal.”⁷

Pending Actions Processing Delays

As SSA’s backlog grew, actions remained pending for long periods of time. We reviewed a random sample of 139 PC actions pending as of the end of FY 2022.⁸ Of the 139, 102 (73 percent) were pending for 300 days or longer, and 60 (43 percent) were pending for 500 days or longer (see Figure 2).⁹

Figure 2: Days Sampled Pending Actions Remained Pending¹⁰



⁷ SSA, Deputy Commissioner for Operations, DCO Audit Staff, DCO REPLY: OIG Request 12, Audit No. 22023009 - Reducing PC Pending Actions (022313) (Email February 23, 2024).

⁸ Our random sample was selected from a population of 4.2 million pending actions as of the end of FY 2022. When we completed our analysis on August 4, 2023, SSA had cleared 84 (60 percent) of the pending actions, and 55 (40 percent) remained pending.

⁹ Per OIG review, the delays in processing the PC pending cases reviewed were not caused by delays in receiving information needed to process the cases from customers or SSA field or hearing offices.

¹⁰ Number of days the cases remained pending as of August 4, 2023—the date of our analysis.

SSA explained controls exist to show the status of pending actions and that managers track workloads daily. SSA also reported it has an annual initiative to address aged pending actions. However, the initiative addresses actions that have already been pending for 1 year or longer; it does not help process PC pending actions before they reach or go beyond the 1-year point without being processed. While SSA has controls and an initiative for the completion of aged pending actions, many remained pending for long periods of time including cases that remained pending after they were assigned to employees.¹¹

Once processed, PC pending actions can result in improper payments, including delayed payments to beneficiaries (underpayments) and beneficiaries being paid more than they should have (overpayments). Of the 139 cases reviewed, 17 resulted in beneficiaries being underpaid \$59,800, and 5 resulted in beneficiaries being overpaid \$125,400.¹² The longer it takes SSA to process PC pending actions, the longer beneficiaries wait for underpayments due or they receive larger overpayments to pay back, as our examples demonstrate:

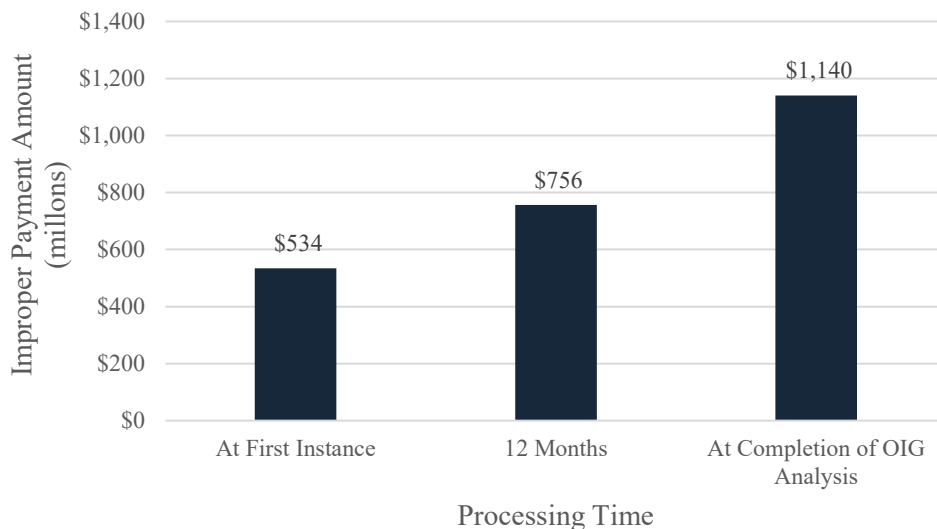
- SSA underpaid a beneficiary \$6,859 because of a claims-processing error. In November 2022, the beneficiary completed a claim for reimbursement, and SSA authorized the payment to be released. However, the underpayment could not be issued without another employee's approval. In January 2023, the beneficiary followed up with SSA on the status of the underpayment, which was finally released in February 2023. Had SSA obtained employee approval once the underpayment was authorized, the beneficiary would have been paid 111 days sooner.
- SSA overpaid a disability beneficiary approximately \$62,000 because of substantial earnings. In June 2021, when SSA first became aware of the action, the beneficiary had been overpaid about \$9,000 for 4 months. SSA did not take action to collect the overpayment until May 2023 – approximately 2 years later. During this period, the overpayment increased by an additional \$53,000. Although the beneficiary signed a *Request for Waiver of Overpayment Recovery* and indicated the overpayment was not their fault and they cannot afford to pay the money back, the claimant subsequently agreed to a partial repayment plan.

¹¹ According to SSA, PC employees can be assigned hundreds of cases for processing that are addressed based on workload priorities. In seven instances, PCs assigned pending actions to PC staff for processing, and these actions remained unprocessed for over 150 days with the longest being 549 days. The types of workloads included government pension offset, workers' compensation offset, changes to the month of entitlement, and recovery of overpayments.

¹² We determined another 13 cases may be improperly paid because of delayed processing, but SSA's records did not contain enough information for us to calculate the improper payment amounts; SSA needs further development to determine those amounts.

The average processing time for the improper payment cases in our sample was 698 days. Based on our sample, we project the PC pending actions in our population, once processed, would result in 528,000 beneficiaries being improperly paid approximately \$1.1 billion. As Figure 3 shows, had SSA processed the PC pending actions sooner, the improper payment amounts, and the burden they place on beneficiaries, would have been lower.¹³

Figure 3: Increasing Improper Payment Amounts Due to Delayed Processing



CONCLUSION

SSA’s performance measure to “. . .improve customer service by reducing the number of actions pending at the PCs”¹⁴ suggests SSA is working toward reducing the number of PC pending actions. However, while it has met the performance measure goals in 4 of the last 6 FYs, its PC pending actions backlog has increased in that timeframe. Also, SSA’s delays in processing PC workloads have a direct impact on beneficiaries who wait longer for underpayments they are due or who have to pay back increased overpayments, which can create financial stress on beneficiaries.

¹³ See Appendix B for more information on our sample results and projections to our population.

¹⁴ SSA, Annual Performance Report: Fiscal Years 2017-2019, p. 9 (February 2018).


RECOMMENDATIONS

We recommend SSA:

1. Develop a workload and staffing plan to ensure the pending actions backlog is reduced from year to year.
2. Develop PC pending actions performance measures with goals to reduce the pending actions backlog from year to year.
3. Establish timeframe targets for PC workloads to limit increases to improper payments caused by processing delays and the burden they place on beneficiaries.

AGENCY COMMENTS

SSA agreed with our recommendations. See Appendix C for the full text of the Agency's response.



Michelle L. Anderson
Assistant Inspector General for Audit

APPENDICES

Appendix A – SCOPE AND METHODOLOGY

To achieve our audit objective, we:

- Gained a general understanding of the processing centers' (PC) pending actions performance measure and related goals.
- Reviewed individual PC work plans that measure the Social Security Administration's (SSA) progress toward PC pending actions reduction.
- Reviewed SSA plans and controls in place that support reducing PC pending actions.
- Identified major PC workloads, including workloads with significant pending actions, and determined the number of received and cleared cases for these workloads.
- Interviewed subject-matter experts/management to confirm and further develop an understanding of the control environment and management initiatives to reduce pending actions in the PCs.
- Determined the impact of PC pending actions on customers by reviewing a random sample of 139 pending actions from approximately 4.2 million PC pending actions remaining in Fiscal Year (FY) 2022.
- Reviewed staffing and overtime totals as well as workload data from FY 2022.
- Detailed SSA's progress in reducing PC pending actions.
- Reviewed quality review findings to support SSA's efforts to reduce pending actions.
- Obtained forecast models from the Office of Customer Service and reviewed FY 2023 calculations.

We assessed the reliability of FY 2022 pending actions data by: (1) performing electronic testing, (2) reviewing existing information about the data and the system that produced them, and (3) interviewing agency officials knowledgeable about the data. We determined the data were sufficiently reliable for the purposes of this report.

We assessed the significance of internal controls necessary to satisfy the audit objective. This included an assessment of the five internal control components, including control environment, risk assessment, control activities, information and communication, and monitoring. In addition, we reviewed the principles of internal control associated with the audit objective. We identified the following components and principles as significant to the audit objective.

- Component 1: Control Environment
 - Principle 2: Exercise oversight responsibility
 - Principle 3: Establish structure, responsibility, and authority
- Component 2: Risk Assessment
 - Principle 6: Define objectives and risk tolerances
 - Principle 7: Identify, analyze, and respond to risk
 - Principle 9: Analyze and respond to change
- Component 3: Control Activities
 - Principle 10: Design control activities
- Component 4: Information and Communication
 - Principle 13: Use quality information
 - Principle 14: Communicate internally
- Component 5: Monitoring
 - Principle 16: Perform monitoring activities

We conducted our audit from December 2022 through November 2023. The principal entity reviewed was the Office of Operations under the Office of the Deputy Commissioner for Operations. We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

Appendix B – SAMPLING METHODOLOGY AND RESULTS

To determine the impact of processing center (PC) pending actions on customers, we randomly sampled 139 of the 4,224,129 actions that remained pending at the end of Fiscal Year (FY) 2022.

Table B–1: Population and Sample Size

Description	Number of Pending Actions
Sample Size	139
Total Population	4,224,129

Of the 139 sample items we reviewed, we determined SSA had improperly paid 17 individuals a total of \$17,186 when the Agency first became aware of the improper payments. We projected SSA had improperly paid 528,016 beneficiaries when the Agency became aware of the actions.

Table B–2: Number of Beneficiaries Improperly Paid at First Instance¹

Description	Number of Beneficiaries
Sample Results	17
Point Estimate	528,016
Projection – Lower Limit	343,153
Projection – Upper Limit	767,025

*All projections are at a 90-percent confidence level.

We projected SSA had improperly paid approximately \$534 million to these 528,016 beneficiaries when the Agency first became aware of these actions. We calculated this amount by identifying total projected overpayments of \$1,143,456,501 in Table B–5 and multiplying this number by 46.68 percent (the percent of improper payments when the Agency first became aware of them).²

Table B–3: Improper Payment at First Instance

Description	Improper Payment Amount
Projection	\$533,802,871

¹ For projection purposes, we removed 3 PC pending actions with improper payments in our random sample of 139. We identified those three pending actions as outliers. Since the amount of the improper payments was more than two standard deviations away from the mean, we excluded them from our projections.

² We calculated 46.68 percent from an analysis of our sample results. We identified \$17,186 in improper payments when SSA first became aware of them, and we divided this number by \$36,814 in total improper payments as of our review.

For cases in which SSA delayed acting on improper payments for 12 months, we project the improper payment amount rose to approximately \$756 million. We calculated this number by multiplying the total projected overpayments of \$1,143,456,501 in Table B–5 below by 66.11 percent (the percentage of improper payments at the 12-month mark).³

Table B–4: Improper Payment at 12 Months

Description	Improper Payment Amount
Projection	\$755,889,559

As of August 2023, the number of individuals in our sample with overpayments had increased from 17 to 19 because, for 2 individuals, improper payments accrued after SSA became aware of them.⁴ SSA’s improper payments to these 19 individuals increased to \$36,814. Based on these numbers, we estimate SSA made improper payments totaling \$1,143,456,501.

Table B–5: Improper Payment at Review⁵

Description	Number of Beneficiaries	Improper Payment Amount
Sample Results	19	\$36,814
Point Estimate	590,136	\$1,143,456,501
Projection – Lower Limit	394,776	\$357,640,956
Projection – Upper Limit	837,314	\$1,929,272,046

*All projections are at a 90-percent confidence level.

SSA’s delayed processing of its PC workloads led to \$755,889,559 in improper payments after 12 months of SSA first being aware of the actions and \$1,143,456,501 at the time of our review, a difference of \$387,566,942.

³ We calculated 66.11 percent from an analysis of our sample results. We identified \$24,336 in improper payments from actions that SSA had not processed for 12 months, and we divided this number by \$36,814 in total improper payments as of our review.

⁴ After SSA became aware of a newly established overpayment, it later erroneously recovered the amount in full instead of at the partial recovery rate in one pending action. In the second pending action, an increase was due to the beneficiary. However, because benefit calculations involved multiple entitlement, payment was due for a period after SSA was first aware of the action.

⁵ See Footnote 1.

Table B-6: Improper Payment Comparison

Description	Improper Payment Amounts		
	At First Instance	At 12 Months	At Review
Projection	\$533,802,871	\$755,889,559	\$1,143,456,501

Appendix C – AGENCY COMMENTS




SOCIAL SECURITY

MEMORANDUM

Date: June 20, 2024 **Refer To:** TQA-1

To: Gail S. Ennis
Inspector General

From: 
Dustin Brown
Acting Chief of Staff

Subject: Office of the Inspector General Draft Report, “Reducing Processing Centers’ Pending Actions” (022313) -- INFORMATION

Thank you for the opportunity to review the Draft Report, “Reducing Processing Centers’ Pending Actions.” We agree with the need to reduce our Processing Center (PC) pending backlog and reduce processing delays. Therefore, we agree with the recommendations; however, our ability to implement the three audit recommendations is contingent upon sustained adequate funding.

Annually, we develop a National Processing Center Work Plan which outlines performance expectations and prioritizes the workloads with the greatest customer impact. Leveraging our existing resources, we remain focused on working the highest priority cases and reducing the pending backlog. Reducing the backlog of pending cases in the PCs will require additional resources at the level requested in the President’s Budget on an ongoing basis to allow for adequate levels of hiring and overtime, as well as improved technology.

The number of beneficiaries continues to grow while we have the lowest staffing levels across the agency in 25 years. We have over 650 fewer employees working on PC workloads now than we did eight years ago, while our beneficiary count has risen from roughly 64 million people to nearly 72 million in that same time period. Our PCs are experiencing staffing challenges with separation rates for Benefits Authorizers at 40.4 percent in fiscal year (FY) 2022 and 29.6 percent in FY 2023.

We are mindful of the impact the PCs have on providing service to the public and ensuring they are paid correctly and on time, however, without sustained adequate funding, we are left to prioritize growing workloads with our current resources in mind. We appreciate that OIG is helping illuminate the challenges the agency faces due to years of insufficient funding.



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