

Administrative Sanctions and Benefit Withholding

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Office of Audit Report Summary

Objective

To determine whether the Social Security Administration (SSA) correctly processed administrative sanctions and recovered related overpayments.

Background

SSA may impose an administrative sanction when an individual commits fraud, makes a false or misleading statement, or fails to report information that is material in determining Old-Age, Survivors, and Disability Insurance (OASDI) or Supplemental Security Income (SSI) eligibility, continuing eligibility, or calculating payments.

A field office employee makes the sanction determination. When SSA imposes a sanction, it withholds current or future benefits. For individuals who receive both OASDI and SSI benefits, the sanction applies to both programs. If the individual is not receiving benefits, SSA defers imposing the sanction until the first month's benefit is due.

If a sanctionable action results in an overpayment, SSA may recover the overpayment by withholding current or future monthly benefits due the individual. When fraud or similar fault contributed to the creation of the overpayment, SSA will withhold the individual's full benefit amount to recover the overpayment.

We reviewed 2 random samples for a total of 225 individuals referred for potential sanction between June 1, 2017 and May 31, 2022.

Results

Of 225 sampled individuals, we did not identify errors on sanctions for 57 (25 percent) based on our review of available evidence. However, SSA employees and systems made errors on sanctions for 168 (75 percent). Based on our sample results, we estimate SSA employees and systems made errors when they processed sanctions for 1,921 individuals, with errors that resulted in SSA improperly paying 454 individuals \$49.6 million. Employees also made errors when they documented sanctions for an estimated 3,532 individuals. Without adequate documentation, SSA could not effectively monitor whether employees took required actions and may not be able to support its sanction actions if individuals challenge the Agency's decisions. Specifically, we found employees:

- Withheld benefits for the wrong months, for an inappropriate duration, or before appeal rights expired.
- Should have suspended benefits to impose sanctions for individuals who were receiving benefits but did not.
- Did not adequately document sanctions' development, determinations, and approvals or add required language to SSA records about imposed or deferred sanctions.
- Did not send correct and/or complete initial sanction determination notices or benefit suspension notices.
- Did not recover overpayments in accordance with policy for individuals whom SSA overpaid because of a sanctionable event, such as failing to report a marriage or income.

Conclusion

SSA can improve how it processes and documents sanctions and ensure it pursues full recovery of overpayments resulting from sanctionable events. In doing so, SSA can help maintain the integrity of its programs, ensuring sanctions remain an effective tool to prevent and respond to fraud.

Recommendations

We made seven recommendations for SSA to improve controls over administrative sanctions processing and related overpayment recovery, including updating its policies and improving system interfaces, edits, and/or automated alerts. SSA agreed to implement our recommendations.