



Office of the Inspector General
SOCIAL SECURITY ADMINISTRATION

Audit Report

Accuracy of Critical Payments

042403 March 2026



Office of the Inspector General

SOCIAL SECURITY ADMINISTRATION

MEMORANDUM

Date: March 31, 2026

Refer to: 042403

To: Frank Bisignano
Commissioner

From: Michelle L. Anderson *Michelle L. Anderson*
Assistant Inspector General for Audit as First Assistant

Subject: Accuracy of Critical Payments

The attached final report presents the results of the Office of Audit's review. The objective was to determine whether Social Security Administration employees accurately processed critical payments.

Please provide within 60 days a corrective action plan that addresses each recommendation. If you wish to discuss the final report, please call me or have your staff contact Jeffrey Brown, Deputy Assistant Inspector General for Audit.

Attachment

Accuracy of Critical Payments

042403



March 2026

Office of Audit Report Summary

Objective

To determine whether Social Security Administration (SSA) employees accurately processed critical payments.

Background

An SSA employee initiates a critical payment when an Old-Age, Survivors, and Disability Insurance beneficiary or representative payee alerts SSA of a critical case or special situation when SSA is not paying regular monthly benefits, additional benefits are due, or a beneficiary reports they did not receive a monthly benefit.

These include dire need, court orders, legislative mandates, and preliminary and expedited payments.

Before a field office employee issues a critical payment, they review various systems and records to determine whether a payment is due. If payment is due, they determine the payment amount and make all relevant deductions in the system. SSA uses a two-personal identification number to authorize critical payments. After one field office employee initiates the critical payment, another employee with an approver security role approves and issues the payment.

Processing center employees conduct post-payment reviews of all critical payments.

We reviewed a random sample of 175 critical payments from a population of 3,549 issued in Fiscal Year 2023 from 1 segment of the Master Beneficiary Record.

Results

SSA employees accurately processed 109 of the 175 sampled critical payments. However, when employees processed the remaining 66 payments, they made 70 processing errors. For 20 critical payments, the processing errors resulted in SSA improperly paying beneficiaries approximately \$78,000.

We could not determine why employees made these errors. However, based on our discussions with SSA subject-matter experts and review of related policies and procedures, we believe SSA's policy and procedures did not contain clear guidance to help employees ensure they considered all required actions when processing critical payments. Also, these errors could be minimized if SSA improves controls over employees' manual entries in the Critical Payment System.

We estimate SSA employees accurately processed about 44,000 (62 percent) of the 70,980 critical payments and did not accurately process about 27,000 (38 percent)—making over 28,000 errors when they processed the payments. About 2,800 of these errors resulted in the payments being incorrectly documented on beneficiaries' records. For the remaining errors, we estimate the following.

- Field office employees improperly paid approximately 6,900 beneficiaries about \$1 million, but processing center employees identified the special situations and deductions from payment calculations during their post-payment review and adjusted future benefits due.
- About 8,100 of these errors resulted in SSA improperly paying beneficiaries \$12 million because employees did not accurately adjust beneficiary records.
- SSA issued approximately 10,500 beneficiaries a *Form SSA-1099, Social Security Benefit Statement*, with a benefit total that was over- or understated by about \$14 million because employees did not manually adjust records for replacement checks.

Recommendations

We made seven recommendations for SSA to take appropriate actions on errors our audit identified and establish controls and update policy and procedures to prevent future errors. SSA agreed to implement our recommendations.

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ABBREVIATIONS

CPS	Critical Payment System
IRS	Internal Revenue Service
MBR	Master Beneficiary Record
OIG	Office of the Inspector General
PHUS	Payment History Update System
POMS	Program Operations Manual System
PC	Processing Center
ROAR	Recovery of Overpayments, Accounting and Reporting
SSA	Social Security Administration

FORM

SSA-1099	<i>Social Security Benefit Statement</i>
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OBJECTIVE

Our objective was to determine whether Social Security Administration (SSA) employees accurately processed critical payments.

BACKGROUND

An SSA employee (generally a local field office employee) initiates a critical payment when an Old-Age, Survivors, and Disability Insurance beneficiary or representative payee alerts SSA of a critical case or special situation when SSA is not paying regular monthly benefits, additional benefits are due, or a beneficiary reports they did not receive a monthly benefit. Critical and special situations include dire need (for example, when a beneficiary lacks financial means to obtain food, shelter, or medical care), court orders, legislative mandates, and preliminary and expedited payments (when there is a delay in SSA awarding or reinstating benefits). The Agency's Critical Payment System (CPS) can generate a payment the individual will receive in 5 to 7 days, establish continuing monthly payments, and issue an immediate payment in a dire-need situation.

Before a field office employee issues a critical payment, they determine whether a payment is due by reviewing various records and systems including the following.

- **Master Beneficiary Record (MBR)** is a file of all current and previously entitled Old-Age, Survivors, and Disability Insurance beneficiaries.
- **Payment History Update System (PHUS)** is the record of payments made and generates a *Form SSA-1099, Social Security Benefit Statement*. The *Form SSA-1099* shows the total benefits SSA paid the beneficiary and helps the beneficiary determine whether the benefits are taxable and the amount to be reported to the Internal Revenue Services (IRS).
- **Recovery of Overpayments, Accounting and Reporting (ROAR) system** controls the collection of Old-Age, Survivors, and Disability Insurance overpayments and contains the overpayment's cause, amount, and collection status.

If a beneficiary is due a payment, the field office employee determines the amount due and makes all relevant deductions—such as Medicare premiums, voluntary tax withholdings, garnishments, and overpayment recoveries—before they issue the payment. If the employee issues a critical payment to replace a payment a beneficiary claims they did not receive, the employee must record the non-receipt of the original payment and request the Department of the Treasury trace the missing payment. If a beneficiary alleges direct deposit fraud, the employee must add a special message on the beneficiary's MBR to flag potential fraud involvement and refer the case to the Office of the Inspector General (OIG) through the Allegation Referral Intake System.¹

¹ SSA, *POMS*, GN 02402.017, A (September 8, 2025).

SSA uses a two-personal identification number to authorize critical payments. A field office employee initiates the critical payment, and another employee with an approver security role approves and issues the payment.

Processing center (PC) employees must review all critical payments after they are made to determine whether they were correct. A PC employee determines whether a beneficiary received a payment they were not due or that was for the wrong amount. If the payment was not due because SSA withheld it to recover an overpayment or it was issued for the wrong amount, a PC employee must manually correct the MBR and/or ROAR by either adding the critical payment amount to the overpayment for recovery or adjusting the benefits due. If the field office employee issued a critical payment to replace the missing payment, a PC employee confirms the original payment was returned. Based on their review, PC employees use the Manual Adjustment Credit and Award Data Entry system to adjust beneficiaries' MBRs, and manually update PHUS records, for the critical payments.

When potential direct deposit fraud is involved, a PC employee must verify a field office employee took all necessary actions. This includes verifying that a field office employee

- requested the Department of the Treasury trace the missing payment to determine what happened to it and
- added a special message to the beneficiary's MBR to note potential fraud, and, if not, adding the message.

In addition, PC employees must complete the following.

- Update the beneficiary's record to show a critical payment was issued to replace the missing payment.
- Establish an overpayment for the (generally unknown) individual who misdirected the missing payment to document that the beneficiary is not liable for the original payment and track any funds recovered.²

SCOPE AND METHODOLOGY

The MBR contains all information necessary to determine eligibility and benefit amounts. It is divided into 20 equal segments based on the last 2 digits of the Social Security number; thus, 1 segment of the MBR represents 5 percent of the total population of OASDI beneficiaries. Because each segment contains similar characteristics, the characteristics of 1 segment represent all 20 segments.

From 1 segment of the MBR, we identified 3,549 critical payments SSA issued during Fiscal Year 2023. Across all 20 segments, we estimate SSA issued 70,980 critical payments during Fiscal Year 2023. We reviewed a random sample of 175 payments to determine whether employees accurately issued the payments, adjusted beneficiaries' records, and referred fraud allegations to OIG.

² SSA, *POMS*, GN 02402.017, C (September 8, 2025).

RESULTS OF REVIEW

SSA employees accurately processed 109 of our 175 sampled critical payments. However, when employees processed the remaining 66 payments, they made 70 processing errors. For 20 critical payments, the processing errors resulted in SSA improperly paying beneficiaries approximately \$78,000.³

Based on our sample results, we estimate SSA employees accurately processed about 44,000 (62 percent) of the 70,980 critical payments and did not accurately process about 27,000 (38 percent). SSA employees made over 28,000 errors when they processed the payments. About 2,800 of these errors resulted in the payments being incorrectly documented on beneficiaries' records but did not result in an improper payment. For the remaining errors, we estimate the following.

- Field office employees improperly paid approximately 6,900 beneficiaries about \$1 million, but processing center employees identified the special situations and deductions from payment calculations during their post-payment review and adjusted future benefits due.
- About 8,100 errors resulted in SSA improperly paying beneficiaries \$12 million because employees did not accurately adjust beneficiary records.
- SSA issued approximately 10,500 beneficiaries' *Forms SSA-1099, Social Security Benefit Statement*, with a benefit total that was over- or understated by about \$14 million because employees did not manually adjust records for replacement checks.

Special Situations and Deductions from Payment Calculations

Field office employees did not identify special situations or make necessary deductions when they issued critical payments to 18 beneficiaries. During their post-payment reviews, PC employees determined field office employees had improperly paid 17 beneficiaries about \$5,300: \$5,000 in overpayments and \$300 in underpayments. As a result, PC employees adjusted future benefits by issuing additional benefit amounts when the critical payment amount was less than the benefits due or by preventing overpayments when the critical payment amount exceeded the benefits due. The processing error caused incorrect documentation of the critical payment on the remaining beneficiary's record but did not result in an improper payment.

In addition, for 1 of the 17 beneficiaries, a field office employee's error resulted in the PHUS reflecting incorrect benefit amounts.⁴ As a result, the beneficiary's *Form SSA-1099* was understated by about \$1,500, which could affect whether any benefits are taxable and, in turn, affect the beneficiary's tax liability with the IRS.

³ We removed one improper payment from our projection calculation because it was an outlier; see Table B-2 for more details.

⁴ There is one critical payment in which both field office and processing center employees made errors.

Example. In November 2022, a beneficiary entitled to Medicare Part B visited a field office while they were waiting for their benefits to be reinstated. A field office employee determined the beneficiary met the criteria and issued them a \$2,972 critical payment to cover 2 months of missed benefit payments. However, the employee did not deduct the beneficiary's \$238 Medicare Part B premium. When a beneficiary who is entitled to Medicare Part B receives a monthly benefit payment, SSA employees must deduct the premiums from the monthly benefit payment using the CPS. As a result, the beneficiary received a higher critical payment than they were due. During the post-payment review, a PC employee identified the error and adjusted the beneficiary's future benefit payment amount to withhold the Medicare Part B premiums that had not been withheld.

We could not determine why field office employees made these errors when they issued the critical payments. However, based on our discussions with SSA subject-matter experts and walkthrough of the CPS system, we believe employees may not have thoroughly reviewed the beneficiaries' MBRs and PHUS records to identify applicable deductions or determine whether benefits were due. CPS does not flag manual payment entries that are incorrect or do not match PHUS. SSA subject-matter experts indicated such errors could be minimized if SSA improves controls over employees' manual entries to CPS. Adding a flag to CPS could reduce errors in manual entries by automatically alerting employees when CPS identifies incorrect or inconsistent information during data entry. Employees would need to review the appropriate records to address the alert before they issue the payment. As of September 2025, the Agency had taken action to correct 17 of the 18 critical payments.

Adjustment to Beneficiary Records

During their post-payment reviews of critical payments issued to 19 beneficiaries, PC employees did not correctly adjust the overpayments or benefits due on the MBR and/or ROAR. Contrary to policy,⁵ during the post-payment reviews, we found the PC employees

- incorrectly established overpayment balances;
- did not properly adjust the overpayment balances in ROAR for benefits withheld to repay an earlier overpayment;
- did not accurately adjust beneficiaries' records to account for critical payments made during periods when regular monthly payments could not be processed; and
- erroneously established or incorrectly calculated overpayment balances using the Manual Adjustment Credit and Award Data Entry system.

As a result, SSA improperly paid 17 of these 19 beneficiaries approximately \$74,000: \$71,000 in overpayments and \$3,000 in underpayments. For the remaining two beneficiaries, the processing errors resulted in the incorrect documentation of payments in their records.

⁵ SSA, *POMS*, RS 02803.250 (April 15, 2010).

In addition, for 1 of the 17 beneficiaries, a field office employee's error caused the PHUS to reflect incorrect benefit amounts. As a result, the amount of benefits SSA paid the beneficiary, as reported on the *Form SSA-1099*, was understated by about \$3,800, which could affect whether any benefits are taxable and, in turn, affect the beneficiary's tax liability with the IRS.⁶

Example. In September 2022, SSA withheld about \$1,400 from a beneficiary's payment to recover a prior overpayment on his record. This situation occurred again in the following month, which prompted the beneficiary to contact his local field office because he was in dire need of his benefits. The field office employee determined the beneficiary met the dire-need criteria and issued a \$2,700 critical payment in October 2022. As part of the post-payment review, the PC employee was required to manually increase the related overpayment balance or create a new overpayment equal to about \$2,700 to account for the critical payment issued for September and October on the beneficiary's ROAR. However, the PC employee entered \$0 instead of about \$2,700. As a result, the beneficiary was overpaid \$2,700. The Manual Adjustment Credit and Award Data Entry system could not accurately calculate the beneficiary's overpayment balance, and SSA did not recover about \$2,700 from future benefits.

SSA subject-matter experts indicated the errors may have been caused by "technician oversight," and existing system controls may not minimize these errors. For example, a field office employee may issue a critical payment without considering whether an overpayment is present on a beneficiary's record and without adjusting the payment to recover or reduce the overpayment. CPS does not alert when an overpayment is present on the record. Further, a PC employee may take a manual action on CPS output to adjust future benefits for the critical payment without also correcting the overpayment balance on the record. SSA's systems do not alert PC employees to any overpayments on the record. In addition, PC employees must review multiple complex policies to determine how to correctly adjust the records. Based on our discussions with subject-matter experts and review of related policies, employees must review over six complex policies related to the ROAR, PHUS, and MBR to determine why the critical payment was made, understand how to adjust the records to account for the critical payment, and accurately adjust the existing overpayment balance. This complexity may have contributed to their errors. Adding controls in SSA's system and updating policy would help ensure employees review and accurately adjust overpayment balances. As of September 2025, the Agency had corrected 6 of the 19 critical payments.

Manual Adjustments for Replacement Payments

Field office and PC employees did not accurately update the PHUS to reflect critical payments that were issued to 23 beneficiaries. For some critical payments, when the field office employees initiated the payments, they did not use the non-receipt of payment option correctly, which prevented SSA's system from determining whether the replacement benefit should have been taxed.⁷

⁶ There is one critical payment in which both field office and PC employees made errors.

⁷ SSA, *POMS*, GN 02406.120, B (March 15, 2017).

For all the critical payments, PC employees did not correct the PHUS during their post-payment reviews. Therefore, these beneficiaries' PHUS records reflected incorrect benefit amounts. As a result, one beneficiary's *Form SSA-1099* was overstated by about \$800 in 1 year and understated by about \$800 the next year; 3 beneficiaries' *Forms SSA-1099* were overstated by about \$4,500; and 19 beneficiaries' *Forms SSA-1099* were understated by about \$28,000, which could affect whether any benefits are taxable and, in turn, affect the beneficiary's tax liability with the IRS.

Of the 23 beneficiaries, SSA also overpaid 2 beneficiaries a total of \$4,000 because PC employees did not review the PHUS for the replacement payments or determine whether manual corrective actions were needed in situations where SSA issued critical payments and the original payments were returned.

Example. In October 2022, SSA withheld a beneficiary's \$2,395 monthly payment to recover an overpayment. When the beneficiary did not receive his monthly payment, he contacted his local field office. A field office employee determined the beneficiary was in dire need of benefits and issued a \$2,395 critical payment. However, the field office employee did not follow policy and record in SSA's system that the critical payment was issued to replace the original payment that was previously withheld to recover an overpayment. Instead, they recorded the original payment as a non-receipt. As a result, the beneficiary's total taxable benefit amount was understated, as the PHUS counted only one of the two payments issued in November 2022. During the post-payment review, a PC employee correctly increased the beneficiary's overpayment balance to account for the critical payment but did not update PHUS to show both payments were taxable benefits. As a result, the beneficiary's *Form SSA-1099* for that year was understated by \$2,395.

From our discussions with SSA subject-matter experts and our review of related procedures, we determined SSA's national procedures did not contain clear guidance to (1) ensure employees considered all required actions when they process critical payments and (2) instruct employees when to adjust the PHUS. The unclear guidance may have contributed to employee errors. To address this gap in policy, some SSA regions developed procedures to supplement the national guidance. As of September 2025, the Agency had corrected 9 of the 23 critical payments.

Unauthorized Direct Deposit Changes

When SSA employees processed six critical payments they did not develop and document potential direct deposit fraud according to policy. Specifically, field office employees did not input a stop payment (which would have provided SSA status of the missing payments);⁸ indicate non-receipt on the CPS output; add a special message to the beneficiary's MBR about the fraud allegation; or submit a fraud allegation to OIG. In addition, during their post-payment reviews, PC employees did not add special messages to the beneficiaries' MBR or submit fraud allegations to OIG when field office employees did not complete these actions. PC employees also did not establish overpayments on the ROAR for the individuals who misdirected the missing payments when beneficiaries alleged they did not receive the original payments.

⁸ SSA, *POMS*, GN 02402.012, B (June 3, 2019).

Additionally, they did not adjust the CPS or PHUS records when they issued the critical payments.⁹

As a result, SSA underpaid one beneficiary approximately \$800. In addition, one beneficiary's benefits on *Form SSA-1099* were overstated by about \$2,000, which could affect whether any benefits are taxable and, in turn, affect the beneficiaries' tax liability with the IRS.¹⁰ For the remaining four, the processing errors caused incorrect information on the beneficiaries' records.

Example. In March 2023, a beneficiary visited his local field office to report he did not receive his monthly benefit. The field office employee found that someone had changed the beneficiary's direct deposit information without their authorization. The field office employee issued a \$2,000 critical payment to replace the missing payment but did not indicate non-receipt of the original payment on the CPS output; submit a fraud allegation to OIG; or add a special message to the beneficiary's MBR, as required by policy. Had the field office employee followed policy, they would have alerted other employees to the alleged fraud. Since the field office employee did not indicate non-receipt of the original payment, the critical payment did not appear as a replacement payment on PHUS. During the post-payment review, a PC employee did not correct the PHUS. As a result, the benefits reported on the beneficiary's *Form SSA-1099* were overstated by about \$2,000, which could affect his tax liability.

We could not determine why employees did not follow policy and procedures. However, according to SSA subject-matter experts, these errors may have occurred because of “. . . incomplete or inaccurate beneficiary information, delays in processing, or failure to follow established protocols for verifying payment status.”

Employees must review different policies to find instructions for handling situations where beneficiaries report not receiving their benefits and fraud is suspected, and for submitting fraud allegations to OIG. We noted the title of the policy employees needed to reference for direct deposit fraud cases (*Handling Overpayments Attributed to Unauthorized Redirection of Payments*) was not clear, which made the policy difficult to find.¹¹ We shared our concern with SSA subject-matter experts and, as a result, they updated the policy title (*Handling Overpayments Attributed to Alleged Fraud and Other Unauthorized Redirection of Payments*) in September 2025 to clearly reflect the procedures it addresses. The Agency also corrected three of the six critical payments.

⁹ SSA, *POMS*, GN 02402.017, C (September 8, 2025).

¹⁰ There are two critical payments in which both field office and PC employees made errors.

¹¹ SSA, *POMS*, GN 02402.017, C (September 8, 2025).

CONCLUSION

SSA employees must issue critical payments in accordance with Agency policies to protect beneficiaries from unnecessary hardships caused by late payments. This will also help reduce the administrative and productivity costs associated with employees having to correct critical payments that other employees improperly processed, allowing more resources to be allocated to other priority workloads.

RECOMMENDATIONS

We recommend SSA:

1. Take appropriate actions to correct the remaining 31 critical payments.
2. To prevent future errors, implement a control in CPS to flag incorrect or mismatched manual payment entries based on the most current PHUS entry (when available) before processing a critical payment.
3. To prevent future errors, establish a control that alerts PC employees when manual action on a CPS output does not address an overpayment currently established on a beneficiary's record.
4. To prevent future errors, establish a control in CPS to ensure employees consider any overpayments present on a beneficiary's ROAR when issuing critical payments.
5. Update policy to guide PC employees in adjusting the CPS and overpayment records when they receive CPS outputs.
6. Update national procedure with processing instructions for adjustment to PHUS, depending on whether the replacement payment event is present or not.
7. Evaluate current CPS procedures and strengthen controls to ensure PC and field office employees follow established protocols, including steps to handle allegations of non-receipt of payments.

AGENCY COMMENTS

SSA agreed to implement our recommendations; see Appendix C. SSA also provided technical comments in response to our draft report, which we incorporated into this final report as appropriate.

APPENDICES

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Appendix A – SCOPE AND METHODOLOGY

To accomplish our objective, we:

- Researched and reviewed applicable sections of the *Social Security Act*, the Social Security Administration's (SSA) *Program Operations Manual System*, Emergency Messages, and technical guidance.
- Reviewed prior SSA and Office of the Inspector General reports on Critical Payments System (CPS) payments.
- Interviewed subject-matter experts regarding SSA policy, procedures, and systems related to CPS and conducted a walkthrough of the process.
- Identified 3,549 critical payments from 1 of the 20 segments of the Master Beneficiary Record (MBR) issued from October 1, 2022 through September 30, 2023.
- Selected a random sample of 175 critical payments for review. To analyze the sampled critical payments, we reviewed the following.
 - SSA's MBR for any payment rates, suspensions, and under- or overpayment information to determine the amount due.
 - Treasury Check Information System and Department of the Treasury status codes on the Payment History Update System to determine the status of original and replacement checks for critical payments selected.
 - CPS output produced in the processing centers; transactions on the Recovery of Overpayment, Accounting and Reporting record; and SSA actions performed in Manual Adjustment Credit and Award Data Entry.
 - Field office employees' entry into CPS for deducting Medicare premiums, voluntary tax withholding, garnishments, and partial recovery of an existing overpayment before issuing payment to beneficiaries.
 - Allegation Referral Intake System submissions to determine whether employees referred critical payments involving in direct deposit fraud allegations to the Office of the Inspector General.

We conducted our review between November 2024 and February 2026. We assessed the reliability of CPS by tracing the extracted data elements to the related queries in the MBR, Payment History Update System, Evidence Portal, and Manual Adjustment Credit and Award Data Entry (when applicable) to ensure the data were accurate and checked for duplicates. We determined the data used in this report were sufficiently reliable given our audit objectives and intended use of the data. The principal entities audited were Field Operations and Central Processing.

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

DRAFT

- Component 1: Control Activities
 - Principle 10: Design control activities
 - Principle 11: Design activities for the information system
 - Principle 12: Implement control activities
- Component 2: Information and Communication
 - Principle 13: Use quality information
- Component 3: Monitoring
 - Principle 16: Perform monitoring activities

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

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Appendix B – SAMPLING METHODOLOGY AND RESULTS

We obtained our population as detailed in Appendix A. We used a simple random sample statistical approach to review our population. This is a standard statistical approach used for creating a sample from a sampling frame completely at random. Each sample item had an equal chance of selection, and the selection of one item had no impact on the selection of other items. This guaranteed that we chose a sample that represented the sampling frame, absent human biases, and ensured statistically valid conclusions of, and projections to, the entire sampling frame under review. Our sampling approach for this review ensures the reported projections are statistically sound and defensible.

Table B-1: Population and Sample Size

Description	Number of Critical Payments System (CPS) Payments
Population	3,549
Sample Size	175
Estimated Total Population (Population x 20 Segments)	70,980

Sample Results and Projections

Of the 175 critical payments we sampled, Social Security Administration (SSA) employees made 70 errors when they processed 66 critical payments. Of the 66 critical payments, we associated error amounts totaling \$78,442 in improper payments for 20. Based on our results, we estimate SSA improperly paid 8,120 beneficiaries approximately \$12 million, see Table B-2.

Table B-2: Improper Payment Error Projections

Description	Number of Errors	Error Amounts
Sample Results	20	\$28,558 ¹
Projected Quantity/Point Estimate	406	\$582,482
Projected – Lower Limit	277	\$349,343
Projected – Upper Limit	569	\$815,621
Projection (Quantity x 20 Segments)	8,120	\$11,649,640

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

Of the 66 critical payments with errors, 26 resulted in incorrect taxable amounts totaling \$41,634 on the Payment History Update System and the *Form SSA-1099, Social Security Benefit Statement*. We estimate SSA issued 10,540 beneficiaries a *Form SSA-1099* with a benefit total that was over- or understated by about \$14 million, see Table B-3.

¹ We removed one error with \$49,884 in improper payments from our projection calculations because it was an outlier.

DRAFT

Table B-3: Incorrect Taxable Amounts on the Payment History Update System and Form SSA-1099

Description	Number of Errors	Error Amounts
Sample Results	26	\$33,388 ²
Projected Quantity/Point Estimate	527	\$684,928
Projection – Lower Limit	381	\$448,452
Projection – Upper Limit	705	\$921,404
Projection (Quantity x 20 Segments)	10,540	\$13,698,560

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

Field office employees did not make necessary deductions or identify special circumstances for 17 of the 66 critical payments, resulting in errors totaling \$5,308. Field office employees would have caused SSA to improperly pay 6,900 beneficiaries about \$1 million had processing center employees not adjusted the benefits due, see Table B-4.

Table B-4: Incorrect Field Office CPS Calculation Amounts

Description	Number of Errors	Error Amounts
Sample Results	17	\$3,604 ³
Projected Quantity/Point Estimate	345	\$73,501
Projected – Lower Limit	226	\$31,289
Projected – Upper Limit	500	\$115,713
Projection (Quantity x 20 Segments)	6,900	\$1,470,020

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

Additionally, we found employees made other processing errors on 7 of the 66 critical payments that did not result in improper payments or incorrect payment calculations but resulted in incorrect documentation of the payments on beneficiaries' records, see Table B-5.

Table B-5: Other Processing Errors

Description	Number of errors
Sample Results	7
Projected Quantity	142
Projected – Lower Limit	69
Projected – Upper Limit	259
Projection (Quantity x 20 Segments)	2,840

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

² We identified two errors involving \$8,246 in SSA benefits that were incorrectly reflected on the Payment History Update System and the Form SSA-1099, and we removed them from our projection calculations because they were outliers.

³ We removed one error with \$1,704 in critical payments that a field office employee incorrectly calculated because it was an outlier.

DRAFT

Appendix C – AGENCY COMMENTS



SOCIAL SECURITY
Office of the Commissioner

MEMORANDUM

Date: March 27, 2026

Refer To: TQA-1

To: Michelle L. Anderson
Assistant Inspector General for Audit

A handwritten signature in black ink, appearing to read 'Chad Poist', written over a horizontal line.

From: Chad Poist
Chief Risk Officer

Subject: Office of the Inspector General Draft Report, "Accuracy of Critical Payments" (042403) --
INFORMATION

Thank you for the opportunity to review the draft report. We agree with the recommendations.

Please let me know if I can be of further assistance. You may direct staff inquiries to Amy Gao, Director of the Audit Liaison Staff, at (410) 966-1711.



Mission:

The Social Security Office of the Inspector General (OIG) serves the public through independent oversight of SSA's programs and operations.

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