Office of the Inspector General
SOCIAL SECURITY ADMINISTRATION

Audit Report

Supplemental Security Income Underpayments

062407 August 2026

Office of the Inspector General
SOCIAL SECURITY ADMINISTRATION

MEMORANDUM

Date: August 28, 2026 **Refer to:** 062407

To: Frank Bisignano
Commissioner

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

Subject: Supplemental Security Income Underpayments

The attached final report presents the results of the Office of Audit's review. The objective was to determine whether the Social Security Administration paid Supplemental Security Income recipients the underpayments they were due.

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

Attachment

Supplemental Security Income Underpayments 062407

August 2026 **Office of Audit Report Summary**

Objective

To determine whether the Social Security Administration (SSA) paid Supplemental Security Income (SSI) recipients the underpayments they were due.

Background

An underpayment occurs when
(1) no payment is made for a period when payment was due;
(2) the payment made was less than the amount owed for that period; or
(3) a correct payment was issued, but the recipient died before they cashed the check.

When SSA identifies an underpayment of $1 or more, it issues the underpayment to the recipient, or an eligible survivor if the recipient is deceased, after it offsets any outstanding overpayments, Interim Assistance reimbursements, and authorized representative fees.

For large underpayments, employees must conduct and document a pre-payment review before they release a payment.

We identified 2 populations: Population 1 comprised 2.5 million underpayments pending on the Supplemental Security Record as of September 2024 and Population 2 comprised 2.4 million underpayments SSA paid between July 31, 2021 and July 31, 2024. We reviewed 2 samples totaling 260 underpayments (160 from Population 1 and 100 from Population 2).

Results

Of the 160 pending underpayments in Population 1, SSA paid 80 SSI recipients (50 percent) the underpayments they were due when required. However, SSA employees did not follow policy to ensure the SSA paid 69 recipients (43 percent) the underpayments they were due. The remaining 11 (7 percent) were incorrect underpayments that should be removed from the records.

Additionally, of the 80 underpayments for deceased recipients in Population 1, we identified 47 underpayments, totaling $22,861, that remained on SSA's records even though they were not payable to anyone.

Of the 100 underpayments in Population 2, SSA paid 88 SSI recipients (88 percent) the underpayments they were due and conducted pre-payment reviews for them when required. We did not find evidence SSA employees followed policy and conducted pre-payment reviews for the remaining 12 (12 percent) underpayments, as required.

Of the 2.5 million underpayments that were pending as of September 2024, we estimate SSA did not pay 1.1 million underpayments, totaling about $291 million, that were owed to SSI recipients.

Conclusion

When SSA employees do not take proper action to ensure recipients receive the underpayments they are due, those recipients could experience significant financial hardship.

Recommendations

We made three recommendations for SSA to ensure underpayment errors are identified and resolved and to implement corrective actions that prevent employee errors and ensure required pre-payment reviews are properly documented.

SSA agreed with all of our recommendations.

Table of Contents

ABBREVIATIONS

OASDI	Old-Age, Survivors, and Disability Insurance
OIG	Office of the Inspector General
POMS	Program Operations Manual System
SSA	Social Security Administration
SSI	Supplemental Security Income
SSR	Supplemental Security Record

Objective

Our objective was to determine whether the Social Security Administration (SSA) paid Supplemental Security Income (SSI) recipients the underpayments they were due.

Background

The Social Security Administration (SSA) administers the SSI program, which provides monthly payments to individuals with limited income and resources who are age 65 or older, blind, or disabled. Because SSI is a means-tested program, individuals must have income and resources below specified levels to be eligible for payments.[1]

An underpayment[2] occurs when (1) no payment was made for a period when payment was due; (2) the payment made was less than the amount owed for that period; or (3) a correct payment was issued, but the recipient died before cashing the check.[3] This can result from a change made to the Supplemental Security Record (SSR) that increased the amount due for a past period or when SSA approves an application, and the recipient is due retroactive payments. According to SSA, underpayments that are determined to be incorrect or erroneous (for example, payments issued on a subsequent record) are not payable and must be corrected by adjusting the amounts due to the correct amount or removing the underpayment from the SSR.

SSA issues an underpayment after it offsets outstanding overpayments, interim assistance reimbursement to a state or political subdivision, and authorized payee fees.[4] If the underpaid recipient is deceased, the underpayments may be paid to a surviving spouse who was a member of an eligible couple in the month of death, a surviving spouse who lived with the underpaid recipient the month of death or within 6 months immediately preceding the month of death, or a parent of a deceased child who was eligible for SSI payments. An eligible surviving spouse may request payment of the underpayment at any time. However, other survivors must request an underpayment within 24 months of the recipient's month of death.[5] SSA identifies and notifies survivors that are potentially eligible for the underpayment.[6]

SSA employees must conduct a pre-payment review—a secondary review of the underpayment—before SSA releases large underpayments to SSI recipients. A claims specialist or a higher-level employee who is not the adjudicator conducts the pre-payment review. This review determines whether the underpayment is correct and the recipient is eligible to receive payment. SSA employees must document the pre-payment review.[7]

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[1] *Social Security Act*, 42 U.S.C. § 1381.

[2] SSA's does not pay SSI underpayments that are less than $1. SSA, *POMS,* SI 02101.001, C.2 (September 08, 2023).

[3] SSA, *POMS,* SI 02101.001, A.1 (September 8, 2023).

[4] SSA, *POMS,* SI 02101.001, B.4 and C.2 (September 8, 2023).

[5] SSA, *POMS,* SI 02101.005, A.3 (September 22, 2023) and SSA, *POMS,* SI 02101.003, A.3 (May 29, 2026).

[6] SSA, *POMS,* SI 02101.008, A (October 25, 2023).

[7] SSA, *POMS,* SI 02101.025 (December 03, 2024).

Effective March 16, 2024, SSI underpayments of $15,000, or more, require a pre-payment review. Before March 16, 2024, the threshold was $5,000. SSA employees must review and manually track these large underpayments in the SSI Underpayment Control Log to ensure underpayments are properly paid.[8] The *Social Security Act* requires that SSA pay underpayments that the payment amount equals or exceeds three times the current maximum Federal Benefit Rate (FBR) in installments, with no more than three installments and each installment spaced 6 months apart.[9] Installment payments are not required if an individual (1) has a medical condition and is not expected to live longer than 12 months or (2) is no longer eligible for SSI and determined likely to remain ineligible for the next 12 months.[10]

SSA implemented a new process, effective September 28, 2014, to alert employees to non-terminated payment records that have, on prior terminated records, pending underpayments within the past 42 months.[11] These alerts notify employees to resolve underpayments on terminated records the Agency has not yet issued to recipients.

Scope and Methodology

We obtained data from SSA's SSR on underpayments greater or equal to $1. For this audit, we identified two populations.

- **Population 1** comprised approximately 2.5 million underpayments pending on the SSR as of September 2024. Of these, 1,135,190 were for living recipients and 1,366,969 were for deceased recipients. We reviewed a random sample of 80 underpayments for living recipients, and 80 underpayments for deceased recipients.

- **Population 2** comprised approximately 2.4 million underpayments SSA paid between July 31, 2021, and July 31, 2024. We reviewed a random sample of 100 underpayments from this population.

See Appendix A for more information on our scope and methodology.

Results of Review

Of the 160 underpayments from Population 1, SSA paid 80 SSI recipients (50 percent) the underpayments they were due when required. However, SSA employees did not follow policy to ensure the Agency paid 69 recipients (43 percent) the underpayments, totaling $36,971, they were due. The remaining 11 (7 percent), totaling $29,582, were erroneous; however, employees did not remove them from the records.

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[8] SSA, *POMS,* SI 02101.025 (December 03, 2024).

[9] *Social Security Act* § 1631(a)(10)(B)(i). SSA, *POMS*, SI 02101.020, B.1. (August 29, 2024).

[10] SSA, *POMS*, SI 02101.020, B.2. (August 29, 2024) and *Social Security Act* § 1631(a)(10)(C).

[11] SSA, OIG, *Underpayments on Prior Supplemental Security Income Records, A-07-07-17034* (August 2007).

Of the 100 underpayments we sampled from Population 2, SSA paid 88 SSI recipients the underpayments they were due and conducted pre-payment reviews when required. However, we did not find evidence SSA employees followed policy and conducted pre-payment reviews for the remaining 12 underpayments, totaling $43,729, before issuing payments.

Based on our sample results, we estimate SSA employees did not take required actions to ensure the Agency (1) paid recipients 1.1 million underpayments, totaling $291 million, they were owed, and (2) properly processed approximately 288,000 underpayments totaling $863 million. We could not determine why employees did not follow policies and procedures to resolve the underpayments and issue them where appropriate.

Unpaid Underpayments

Of the 160 sampled underpayments from Population 1, SSA employees did not take the required actions to pay SSI recipients 69 underpayments totaling $36,971. Of the 69 underpayments,

- 40 were payable to living recipients on terminated SSRs. Of these, SSA should have paid 36 underpayments while the recipients were (1) in current payment status before termination or (2) receiving SSI and/or Old-Age, Survivors, and Disability Insurance (OASDI) benefits. The remaining four were on terminated SSRs, and the recipients were not receiving payments. These underpayments remained pending for an average of 18 years.

- 26 were for deceased recipients. SSA did not pay 24 underpayments to recipients before they died. The remaining two underpayments were payable to eligible survivors; however, we found no evidence SSA attempted to contact the eligible survivors to pay the underpayments as required by SSA policy.[12] These underpayments remained pending for an average of 22 years.

- 3 were for living recipients whose SSI payments were in suspended status. SSA suspended payments to one recipient because their whereabouts were unknown. When an SSI record is suspended for whereabouts unknown, employees must attempt to locate the recipient and obtain current address information. Employees must document the results of their efforts to locate the recipient, and there was no evidence employees attempted to locate the recipients.[13] SSA suspended payments to the remaining two recipients because one moved outside of the United States after the underpayment period and the other remaining recipient's OASDI monthly payments exceeded the limit for SSI. These two recipients were eligible to receive the underpayments, but SSA did not issue them as required.

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[12] SSA, *POMS,* SI 02101.008, A (October 25, 2023).

[13] SSA, *POMS,* SI 02301.240, D (February 17, 2023).

Example 1. SSA underpaid a recipient $1,549 and established the underpayment on the recipient's SSR. SSA then terminated the SSR but did not issue the underpayment to the recipient before the termination. The recipient subsequently filed two applications for SSI payments, and the Agency denied both applications because of the individual's excess income. SSA employees did not pay the underpayment when the recipient filed these applications. As of December 2025, the Agency had not paid the underpayment.

We could not determine why SSA employees did not properly resolve the underpayments. SSA subject-matter experts stated the Agency's limited system notifications make it challenging to track underpayments that fall outside the standard automated installment process. Employees must manually process and resolve underpayments on terminated records and records of deceased individuals.[14] SSA may be able to improve processing by establishing system alerts to notify employees of any pending underpayments and to resolve or remove underpayments for records in terminated pay status.

Underpayments Made Without Pre-payment Reviews

Of the 100 underpayments in Population 2, SSA paid 88 in accordance with policy. Of these 88, 45 did not require pre-payment reviews and 43 required pre-payment reviews and employees conducted them.

The remaining 12 underpayments—totaling $43,729—required pre-payment reviews, but we did not identify evidence that employees conducted them. Without evidence, we could not determine whether SSA employees conducted the required reviews.

Employees use the SSI Underpayment Control Log to ensure they track and complete the required pre-payment reviews.[15] Subject-matter experts stated that, to initiate the review request, a technician must manually add the case to the Log. Employees did not log the 12 as required. According to SMEs, if a case is not added, it will not be reviewed.

[14] SSA, *POMS,* SI 02101.020, D.2 (August 29, 2024).

[15] SSA, *POMS,* SI 02101.025, E (December 3, 2024).

Example 2. SSA approved an individual for SSI payments in June 2020. An SSA employee determined the recipient was underpaid a total of $12,822. Since the underpayment amount exceeded three times the Federal Benefit Rate, it was released in three installments, spaced six months apart. Because the total underpayment amount was greater than $5,000, SSA policy required that a separate employee complete a pre-payment review to confirm the underpayment amount was correct before issuing payment. However, we found no evidence that a separate employee conducted a pre-payment review prior to issuing payment. Therefore, we could not confirm the underpayment was correct and the recipient was eligible to receive it.

Underpayments That Cannot be Paid but Remain on Payment Records

When SSA determines a record reflects an underpayment that is erroneous or is no longer payable, it should remove them from the record to avoid the risk that the Agency could improperly disburse these payments in the future.

Erroneous Underpayments

When there is an incorrect underpayment, SSA employees must manually adjust the payment due to the correct amount or remove the erroneous underpayment from the SSR.

From the 160 underpayments in Population 1, we identified 11 erroneous underpayments, totaling $29,582, that SSA did not remove from the SSR. We could not determine why SSA employees did not adjust the payment due to the correct amounts or remove the erroneous underpayments from the SSR as required.

Example 3. OASDI income reduces SSI payments. An employee incorrectly removed OASDI income from the SSR, which resulted in the system generating an underpayment. The income should have remained on the SSR because the recipient continued to receive OASDI payments. The pending underpayment is not correct and should be removed from the SSR or reduced to zero.

Based on our sample results, we estimate SSA did not remove approximately 120,000 erroneous underpayments totaling $23.7 million from the SSR.

Deceased Recipients with No Eligible Survivors

Of the 80 underpayments for deceased recipients in Population 1, we identified 47 underpayments, totaling $22,861, that remained on SSA's records even though they were not payable to anyone because underpaid recipients had been deceased for more than 24 months, or there were no eligible survivors on the record to receive the underpayments. These underpayments remained pending for an average of 22 years. We estimate approximately 803,000 underpayments totaling $222.4 million are not payable.

SSA's policy does not require that the underpayments for deceased recipients be removed when those underpayments are not payable to survivors. SSA subject-matter experts stated the Agency would not dedicate resources to manually address underpayments that are not payable to anyone (such as underpayments that were due recipients prior to their deaths but there were no eligible survivors on the records who were eligible to receive them). Although our review did not find instances of improper or fraudulent disbursement of underpayments, not removing unpayable underpayment creates a potential risk that such payments could occur.

In a prior audit, we identified $540 million in SSI underpayments that were owed recipients who had been deceased for longer than 24 months.[16] These underpayments were no longer, or were never, payable to eligible survivors. SSA agreed with our recommendation to establish a process to remove underpayments that are not payable to survivors. However, after SSA determined the actions that would be necessary to remove underpayments from the SSR, it concluded it would not expend resources on that effort.

CONCLUSION

Of the approximately 2.5 million underpayments that were pending as of September 2024, we estimate SSA did not pay 1.1 million underpayments, totaling about $291 million, that were owed to SSI recipients. When SSA employees do not take proper action to ensure recipients receive the underpayments they are due, those recipients could experience significant financial hardship.

RECOMMENDATIONS

We recommend that SSA:

1. Take appropriate action on the 139 underpayments identified by our audit.

2. Of the approximately 2.5 million underpayments in Population 1, determine whether and how to identify and resolve the estimated 1.1 million outstanding underpayments that are owed to SSI recipients or their eligible survivors.

3. Identify the factors that contribute to employee errors and implement appropriate corrective actions to ensure erroneous underpayments are identified and removed from the SSR and employees properly document the required underpayment pre-payment reviews.

AGENCY COMMENTS

SSA agreed with our recommendations, see Appendix C

[16] SSA, OIG, *Supplemental Security Income Underpayments Due Deceased Recipients, A-06-18-50608,* p.5 (September 2019).

APPENDICES

Appendix A – SCOPE AND METHODOLOGY

To accomplish our objective:

- We reviewed applicable Federal laws and regulations as well as sections of the Social Security Administration's (SSA) policies and procedures pertaining to Supplemental Security Income (SSI) underpayments.
- Corresponded with SSA subject-matter experts to gain an understanding of SSA's controls to ensure SSI recipients receive underpayments they are due.
- We retrieved data from SSA's Supplemental Security Record (SSR) on SSI underpayments greater or equal to $1. We identified two populations.
    - **Population 1**: We identified 2,502,159 SSI underpayments pending as of September 2024. Of these pending underpayments, we determined 1,135,190 were for living recipients and 1,366,969 were for deceased recipients. We reviewed a sample of 160 underpayments from the population to determine (1) whether SSA employees followed policies and procedures to resolve the underpayment, (2) the amount of underpayment due, and (3) how long the underpayments had been pending.
    - **Population 2**: We identified 2,397,819 SSI underpayments paid between July 31, 2021, and July 31, 2024. We reviewed a sample of 100 underpayments from the population to determine whether SSA employees followed policies and procedures to properly pay the underpayment.

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 controls associated with the audit objective. We identified the following Components and Principles as significant to the audit objective:

- Component 3: Control Activities
    - Principle 12: Implement Control Activities
- Component 5: Monitoring
    - Principle 17: Evaluate issues and remediate deficiencies

We assessed the reliability of the data extract provided by conducting electronic testing and reviewing existing information about the data and the system that produced them. We also traced a statistically random sample of data to source documents. We determined the data was sufficiently reliable for the purposes of this report.

We conducted our audit work between December 2024 and July 2026. The entity under audit was SSA's Chief of Field Operations under the Deputy Commissioner. 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 the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

Appendix B – SAMPLING METHODOLOGY AND RESULTS

We established our populations as detailed in Appendix A. We used a simple random sample statistical approach to review each of the populations. 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 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.

For Population 1, we identified 2,502,159 pending underpayments on SSI records as of September 2024. Of these, 1,135,190 were for living recipients and 1,366,969 were for deceased recipients. We reviewed a random sample of 80 living and 80 deceased recipients.

Table B–1: Population 1 – Pending Underpayments for Living Recipients

Description	Underpayments
Population Size	1,135,190
Sample Size	80

Table B–2: Population 1 – Pending Underpayments for Deceased Recipients

Description	Underpayments
Population Size	1,366,969
Sample Size	80

For Population 2, we identified 2,397,819 SSI underpayments released between July 31, 2021, and July 31, 2024. We reviewed a random sample of 100 underpayments from this population.

Table B–3: Population 2 – Underpayments Paid

Description	Underpayments
Population Size	2,397,819
Sample Size	100

In our sample from Population 1, SSA did not pay 43 of the 80 underpayments totaling $26,705 in our sample. Projecting these results to the population, we estimate that SSA did not pay approximately 610,165 underpayments totaling $195,638,055 to living SSI recipients.

Table B–4: Unpaid Underpayments - Living Recipients

Description	Underpayments	Amount
Sample Results	43	$13,270[1]
Point Estimate	610,165	$195,638,055
Projection – Lower Limit	499,154	$99,775,640
Projection – Upper Limit	718,745	$291,500,470
Total Projected Error Amount (Point Estimate plus Outlier Actual Amount of $13,435)		$195,651,490

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

In our sample from Population 1 of deceased recipients, SSA did not pay 26 of the 80 underpayments totaling $10,266 in our sample. Projecting these results to the population, we estimate SSA did not pay approximately 444,265 underpayments totaling $94,907,619 to SSI recipients before they were deceased, or to eligible survivors.

Table B–5: Unpaid Underpayments – Deceased Recipients

Description	Underpayments	Amount
Sample Results	26	$5,485[2]
Point Estimate	444,265	$94,907,619
Projection – Lower Limit	326,322	$23,228,128
Projection – Upper Limit	575,932	$166,587,111
Total Projected Error Amount (Point Estimate plus Outlier Actual Amount of $4,781)		$94,912,400

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

[1] We determined three underpayments totaling $13,435 were outliers and excluded them from the variable projection but we included these in the attribute projection because the underpayment was considered an error.

[2] We determined one underpayment of $4,781 was an outlier and excluded it from the variable projection but we included it in the attribute projection because the underpayment was considered an error.

In our sample from Population 2, SSA did not conduct a pre-payment review, as required, for 12 of 100 underpayments totaling $43,729 before issuing payment. Projecting these results to the population, we estimate that SSA did not conduct pre-payment reviews as required for 287,738 SSI underpayments totaling $863,171,728.

Table B–6: No Pre-payment Review

Description	Underpayments	Amount
Sample Results	12	$35,638[3]
Point Estimate	287,738	$863,171,728
Projection – Lower Limit	169,581	$425,528,577
Projection – Upper Limit	448,787	$1,300,814,878
Total Projected Error Amount (Point Estimate plus Outlier Actual Amount of $8,091)		$863,179,819

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

In our sample from Population 1, SSA did not remove 11 of the 80 erroneous underpayments totaling $29,582. Projecting these results to the population, we estimate SSA did not remove approximately 119,614 erroneous underpayments totaling $23,669,154 from the Supplemental Security Record.

Table B–7: Erroneous Underpayments – Living Recipients

Description	Underpayments	Amount
Sample Results	4	$26,311

Table B–8: Erroneous Underpayments – Deceased Recipients

Description	Underpayments	Amount
Sample Results	7	$1,368[4]
Point Estimate	119,610	$23,667,251
Projection – Lower Limit	57,125	$2,693,694
Projection – Upper Limit	216,076	$44,640,809
Total Projected Error Amount (Point Estimate plus Outlier Actual Amount of $1,903)		$23,669,154

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

[3] We determined one underpayment of $8,091 was an outlier and excluded it from the variable projection but we included it in the attribute projection because the underpayment was considered an error.

[4] We determined one underpayment of $1,903 was an outlier and excluded it from the variable projection but we included it in the attribute projection because the underpayment was considered an error.

In our sample from Population 1 of deceased recipients, SSA did not remove 47 of 80 underpayments that were not payable to survivors. Projecting these results to the population, we estimate SSA did remove 803,094 underpayments totaling $222,352,735 that are not payable.

Table B–9: No Eligible Survivor to Pay

Description	Underpayments	Amount
Sample Results	47	$12,850[5]
Point Estimate	803,094	$222,352,735
Projection – Lower Limit	669,009	$147,139,340
Projection – Upper Limit	930,343	$297,566,129
Total Projected Amount (Point Estimate plus Outlier Actual Amount of $10,011)		$222,362,746

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

[5] We determined one underpayment of $10,011 was an outlier and excluded it from the variable projection but we included it in the attribute projection.

Appendix C – AGENCY COMMENTS

SOCIAL SECURITY

Office of the Commissioner

MEMORANDUM

Date: August 17, 2026 Refer To: TQA-1

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

From: Chad Poist
Chief Risk Officer

Subject: Office of the Inspector General Draft Memorandum "Supplemental Security Income Underpayments" (062407) -- 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.

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