Office of the Inspector General
SOCIAL SECURITY ADMINISTRATION

Audit Report

Processing Old-Age, Survivors, and Disability Insurance Overpayments

072301 September 2025

Office of the Inspector General
SOCIAL SECURITY ADMINISTRATION

MEMORANDUM

Date: September 30, 2025

Refer to: 072301

To: Frank Bisignano
Commissioner

From: Michelle L. Anderson
Acting Inspector General

Subject: Processing Old-Age, Survivors, and Disability Insurance Overpayments

The attached final report presents the results of the Office of Audit's review. The objectives were to determine whether the Social Security Administration followed policy and used available tools when it processed Old-Age, Survivors, and Disability Insurance overpayments.

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

Processing Old-Age, Survivors, and Disability Insurance Overpayments
072301

Objective

To determine whether the Social Security Administration (SSA) followed policy and used available tools when it processed Old-Age, Survivors, and Disability Insurance (OASDI) overpayments.

Background

When SSA pays an OASDI beneficiary more than they are due for a given period, it has made an overpayment. SSA records these overpayments and tracks recovery actions in the Recovery of Overpayments, Accounting and Reporting (ROAR) system. SSA policy is to send a written notice to the individual who is liable for repayment and provide a due-process period for the individual to request a reconsideration, a waiver, a lower rate of withholding or installment payments, or an explanation of the overpayment. If an individual makes a due-process request, SSA will delay recovery efforts until it decides on the request. SSA's required method of recovery is generally to withhold benefits but it also uses such tools as direct billing, a negotiated repayment plan, withholding other Federal payments, or garnishing wages.

We reviewed a sample of 200 overpayments from a population of over 49,000 overpayments that SSA established on the ROAR from 1 segment of the Master Beneficiary Record from October 1, 2021, to September 30, 2023. Because 1 segment is representative all 20 segments, we estimate there were 989,680 overpayments in total.

Results

Based on our sample results, we estimate SSA generally followed policy and used available tools when it processed 806,580 overpayments (81.5 percent). However, we estimate SSA incorrectly processed, or could have processed sooner, approximately 183,100 overpayments (18.5 percent) totaling over $612 million.

Erroneously established and incorrectly calculated overpayments result in an undue burden on both the Agency and the public. Individuals assessed an overpayment incorrectly or for an incorrect amount may either (1) pay more than they owe or (2) have to request a reconsideration or use additional methods of overpayment relief that may be available, such as a waiver. In fact, overpaid individuals who request a waiver or reconsideration may prompt SSA to correct errors Agency systems or employees make in establishing or calculating overpayments. However, SSA employees must then process these requests, and the Agency does not have timeliness standards for processing them. Prolonged decisions on these requests or under-calculated overpayments can delay or prevent recovery, resulting in a negative impact on SSA's trust funds.

We also estimate SSA overstated by approximately $904 million the overpayments the Agency recovered during FYs 2022 and 2023 because the Agency's systems reflected overpayments as recovered by benefit withholding when they were not. SSA's overstatement of recovered overpayment amounts may lead to misunderstandings about the agency's performance. If SSA does not address the underlying issues that contribute to this misreporting, it risks continuing to provide inaccurate information to the Administration, Congress, and public.

It is important that SSA calculate and process overpayments effectively and accurately reports overpayment information to stakeholders.

Recommendations

We made five recommendations for SSA to take appropriate corrective action on errors our audit identified and establish controls and update systems, policy, and procedures to prevent future errors. SSA agreed with all our recommendations.

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ABBREVIATIONS

AFR	Agency Financial Report
C.F.R.	Code of Federal Regulations
FY	Fiscal Year
MBR	Master Beneficiary Record
OASDI	Old-Age, Survivors, and Disability Insurance
OIG	Office of the Inspector General
POMS	Program Operations Manual System
ROAR	Recovery of Overpayments, Accounting and Reporting
SSA	Social Security Administration
U.S.C.	United States Code

OBJECTIVE

To determine whether the Social Security Administration (SSA) followed policy and used available tools when it processed Old-Age, Survivors, and Disability Insurance (OASDI) overpayments.

BACKGROUND

SSA administers the OASDI program under Title II of the *Social Security Act*.[1] The program provides benefits to wage earners and eligible family members in the event the wage earner retires, becomes disabled, or dies.[2] Under the *Social Security Act*, when SSA pays a beneficiary more than they are due for a given period, it has made an overpayment.[3] SSA uses the Recovery of Overpayments, Accounting and Reporting (ROAR) system to record overpayments and track recovery actions. According to SSA's Agency Financial Reports (AFR), SSA recorded a combined total of almost $10 billion in overpayments during Fiscal Years (FY) 2022 and 2023.[4]

When SSA identifies an overpayment, it sends a written notice to the individual who is liable for repayment. This notice includes a detailed explanation of the overpayment and the liable individual's legal responsibility to repay. The notice also explains that the individual may request reconsideration of the fact and/or amount of the overpayment or may request waiver of recovery. If the individual does not request reconsideration or waiver within 60 days of the date of notice, recovery of the overpayment will begin.[5] If an individual requests reconsideration or waiver, SSA will delay recovery efforts until it decides on the request.[6] SSA may refer to these as "due process" requests. Similarly, SSA will delay recovery efforts if an individual requests a lower rate of withholding or installment payments, or an explanation of the overpayment. While a reconsideration or waiver request is pending SSA will pay any underpayments that are owed the individual until it decides on the request.[7] If the individual does not make a timely request after the Agency notifies the individual of the overpayment, SSA may begin recovery efforts.[8] However, an individual may request a waiver at any time, and SSA will stop recovery until it makes a determination. SSA's required method of recovery is generally to withhold benefits if the overpaid individual is receiving a monthly payment.[9] SSA can also recover the

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[1] *Social Security Act §§ 202, 223*, 42 U.S.C. §§ 402, 423.

[2] 42 U.S.C. § 402.

[3] 42 U.S.C. § 404.

[4] SSA, *Agency Financial Report Fiscal Year 2023*, *SSA Publication No. 31-231*, p. 177 (November 2023); SSA, *Agency Financial Report Fiscal Year 2024*, *SSA Publication No. 31-231*, p. 192 (November 2024).

[5] 20 C.F.R. § 404.525; SSA, *POMS,* GN 02201.009 (June 7, 2024) and SSA, *POMS* GN 02210.006, B (February 5, 2025). On June 07, 2024, SSA updated its policy to provide a 90-day due-process period, which was after the period covered by our audit. During our audit period, SSA was providing individuals a 60-day due-process period.

[6] SSA, *POMS,* GN 02210.006, B (February 5, 2025).

[7] SSA, *POMS,* GN 02210.006, C.2 (February 5, 2025).

[8] SSA, *POMS,* GN 02210.001 (June 25,2024).

[9] SSA, *POMS,* GN 02210.015 (February 13, 2012).

overpayment by direct billing or a negotiated repayment plan. When a debt becomes delinquent, SSA can use other collections tools, such as withholding other Federal payments, garnishing wages, or referring the overpaid individual to credit bureaus.[10]

Our prior audits found SSA faced challenges recovering overpayments.[11] In response to our prior audits, SSA stated it needed to complete development of its new Debt Management Product to improve its ability to record and track overpayments and its recovery actions. As of May 2025, SSA was still developing the Debt Management Product.

SCOPE AND METHODOLOGY

The Master Beneficiary Record (MBR) is a file of all current and previously entitled OASDI beneficiaries. 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, we conclude that 1 segment is representative of all 20 segments.

We identified a population of 49,484 overpayments SSA established on the ROAR from 1 segment of the MBR from October 1, 2021 through September 30, 2023.[12] We randomly sampled 200 of the 49,484 overpayments for our review.

Because 1 segment is representative of all 20 segments, we estimate there were 989,680 overpayments in total. We projected our results to the population from which we sampled, then multiplied the projections by 20 to estimate the results for all segments. See Appendix A for more information about our scope and methodology.

RESULTS OF REVIEW

Based on our sample results, we estimate SSA generally followed policy and used available tools when it processed 806,580 overpayments (81.5 percent). However, we estimate SSA incorrectly processed, or could have processed sooner, approximately 183,100 overpayments (18.5 percent) totaling over $612 million when it

- incorrectly recovered over 20,000 overpayments totaling about $196 million that individuals did not owe;

- established, and subsequently removed, an estimated total of nearly 15,000 erroneous overpayments;

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[10] SSA, *Social Security Handbook §1907,* ssa.gov, (May 14, 2024).

[11] SSA, OIG, *Cost-benefit Analysis of Processing Low-dollar Overpayments*, *A-07-14-14065* (July 2015); *Cross-program Recovery to Collect Overpayments*, *A-13-15-15029* (April 2017); *Overpayments Pending Collection for Miscellaneous Reasons*, *A-04-18-50546* (September 2019); *Overpayments with Recovery Agreements that Will Extend Beyond 2049*, *A-07-19-50775* (September 2021); *Reducing Processing Centers' Pending Actions*, *022313* (June 2024).

[12] This population consisted of legally defined overpayments with a total balance greater than $1,000 for which SSA had not terminated collection activity and had not closed by remittance.

- incorrectly calculated an estimated total of nearly 35,000 overpayments by almost $245 million, most of which SSA had not identified and will not recover;

- could have collected sooner more than 40,000 overpayments totaling over $122 million;

- delayed decisions on explanation, reconsideration, and waiver requests for almost 44,000 pending overpayments; and

- prematurely began effort to recover overpayments from individuals who requested an explanation, reconsideration, or waiver for more than 29,000 overpayments, prematurely recovering approximately $49 million.[13]

We also estimate SSA overstated by approximately $904 million the overpayments the Agency recovered in FYs 2022 and 2023 because the Agency's systems reflected overpayments as recovered by benefit withholding when they were not.

Overpayment Identification and Calculations

SSA's systems generally identify overpayments and establish them on beneficiaries' records, but SSA employees also identify overpayments. To do so, employees manually review the beneficiary's record and calculate what SSA paid compared to what the beneficiary was entitled to receive.[14] Once an employee has determined SSA overpaid a beneficiary, the employee must manually establish the overpayment on the record.[15] However, we found SSA employees or systems erroneously established overpayments or calculated incorrect overpayment amounts.

Overpayment Identification

Of the 200 overpayments we sampled, SSA established 7 erroneous overpayments on beneficiaries' records. This occurred when SSA's system or employees incorrectly accounted for earnings and evidence available on the records; processed prison information; applied student benefits policy; labelled critical payments as overpayments; or transferred overpayments to other beneficiaries' records.

- For four overpayments, SSA collected over $39,000 more than it should have from beneficiaries. For example, in April 2023, SSA established a $4,639 overpayment on a record because the beneficiary had earnings in 2021. An SSA employee correctly documented information regarding work and earnings and determined the beneficiary was entitled to the benefits the Agency paid him in 2021. However, SSA's system considered the earnings to have been earned consistently throughout the year when, in fact, the beneficiary did not work every month. Therefore, the system applied the earnings to months the beneficiary did not work and erroneously established the overpayment. In such circumstances, the beneficiary's appeal of the erroneous overpayment could have prompted SSA to correct the overpayment determination. However, this beneficiary did not appeal, and the Agency withheld benefits in 2023 to recover the erroneous overpayment.

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[13] See Appendix B for our sampling methodology and results.

[14] SSA, *POMS,* GN 02201.003, E (June 7, 2024).

[15] SSA, *POMS,* GN 02201.003, G (June 7, 2024).

- For three overpayments, SSA returned to the beneficiaries the benefits it incorrectly withheld from them. This occurred after beneficiaries appealed the overpayments and SSA later deleted them. While the beneficiaries ultimately received the benefits they were due, their benefits were delayed because of the erroneous overpayments. For example, in April 2023, an SSA employee incorrectly processed a disability claim, causing the system to erroneously establish a $104,189 overpayment because of what the Agency deemed to be duplicate payments for the previous 6 years. As a result, SSA withheld $61,000 that was due the beneficiary. The beneficiary submitted a reconsideration request on June 9, 2023, and SSA deleted the overpayment later that month. SSA issued the previously withheld benefits in July 2023.

We estimate SSA incorrectly recovered over 20,000 overpayments—totaling about $196 million—that individuals did not owe.[16] In addition, we estimate SSA delayed benefits to beneficiaries when it erroneously established and withheld benefits to recover nearly 15,000 overpayments that it subsequently removed.[17]

Overpayment Calculations

For 7 of the 200 overpayments we sampled, SSA posted incorrect amounts on the beneficiaries' records. For four of the seven overpayments, SSA's system did not correctly use earnings data and other evidence available on the records when calculating payment amounts. For the remaining three, SSA posted incorrect amounts because—for reasons we could not determine—employees manually calculated the overpayments incorrectly. As a result, SSA undercalculated six overpayments by over $49,000 and overcalculated one overpayment by about $160.

For example, in July 2023, SSA established a $6,656 overpayment for a beneficiary who was entitled to benefits on her and her spouse's record. The SSA employee reduced the beneficiary's payments on her spouse's record and calculated the overpayment. However, the employee should have terminated the beneficiary's payments on her spouse's record and calculated a $15,931 overpayment. As a result, SSA did not identify an additional $9,275 overpayment. Until SSA posts the additional overpayment, it will not be able to recover it.

Employees and SSA systems incorrectly calculated overpayments, which negatively affected SSA's trust funds. We estimate SSA incorrectly calculated nearly 35,000 overpayments by almost $245 million, most of which SSA had not identified and will not recover because it was not posted in the ROAR, SSA's overpayment tracking system.[18]

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[16] See Appendix B, Table B-3 and Table B-4.

[17] See Appendix B, Table B-3.

[18] See Appendix B, Table B-3 and Table B-4.

Explanation, Reconsideration, and Waiver Request Decisions

For 17 of the 200 overpayments we sampled, SSA employees had taken between 6 and 31 months after individuals requested a reconsideration, waiver, or explanation of the overpayments to decide on the requests. SSA recovered eight overpayments—totaling nearly $25,000—but may have missed the opportunity to collect them sooner. This occurred because SSA policy did not require employees to decide on these requests within a specific time frame. As of November 2024, nine requests were still pending.

For example, in June 2022, SSA established a $2,985 overpayment to a beneficiary who was working while disabled. The beneficiary called SSA to request a reconsideration in July 2022 and submitted a written request in September 2022 explaining why she disagreed with the overpayment. However, an SSA employee did not deny the reconsideration until May 2024—21 months after the first request. There was no evidence in SSA's system of any other activity on the request between September 2022 and May 2024. SSA subsequently began collecting the overpayment. Had SSA's policy required that the employee decide on the reconsideration request earlier, the Agency may have been able to recover the overpayment sooner.

We estimate SSA could have collected more than 40,000 overpayments—totaling almost $123 million—sooner if it had policies to complete explanation, reconsideration, and waiver requests within a specific time frame.[19] Additionally, we estimate SSA had almost 44,000 overpayments with pending explanation, reconsideration, and waiver requests at the time of our audit.[20] The longer it takes SSA employees to resolve due-process requests, the older these overpayments become, which could affect the Agency's recovery effort.

Overpayment Recovery During "Due Process" Periods

For 6 of the 200 overpayments we sampled, SSA prematurely began efforts to recover overpayments from individuals who requested an explanation, reconsideration, or waiver. SSA began recovery for these overpayments during the due process period because employees did not follow policy and update the system to indicate there were pending reconsideration or waiver requests, which caused the system to automatically begin recovery of the overpayments. As a result, SSA collected over $10,000 contrary to policy. We could not determine why employees did not follow required policy and procedures.

For example, in June 2022, SSA established a $2,034 overpayment to a beneficiary. The beneficiary requested a waiver later that month. However, the SSA employee did not record the waiver request on the record, causing the system to automatically withhold the benefits the beneficiary was entitled to receive in August and September 2022. As a result, SSA collected $2,034 from the beneficiary when it should not have.

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[19] See Appendix B, Table B-3 and Table B-4.

[20] See Appendix B, Table B-3.

We estimate SSA collected more than 29,000 overpayments—totaling approximately $49 million—while individuals' requests for explanation, reconsideration, or waiver were pending.[21] Beneficiaries might be adversely affected by withholding benefits prematurely or unnecessarily.

Overpayment Recovery Reporting

SSA's AFR provides information that enables the Congress, President, and public to assess the stewardship of the financial resources entrusted to it. In addition, the AFR provides an analysis of SSA's financial position.[22] In the FY 2022 and 2023 AFRs, SSA reported it had recovered more than $5 billion in OASDI overpayments via benefit adjustment.[23]

From our sampled 200 overpayments, the ROAR transaction data did not accurately reflect SSA's recovery via benefit adjustment for 24 overpayments totaling almost $316,000. For 23 overpayments, this occurred when SSA employees made correct system inputs to remove overpayments; however, the ROAR reflected the overpayments as recovered when they were not. For the remaining overpayment, the ROAR indicated it was deleted but it had been recovered. While the SSA employees followed policy to make the system inputs to remove the overpayments, given the system's design, the ROAR reflected an inaccurate recovery status.

For example, in October 2021, SSA established a $129,378 overpayment to a beneficiary who did not respond to a request for worker's compensation information. In November 2021, the beneficiary appealed the overpayment and submitted evidence that he never received worker's compensation. In January 2022, SSA decided favorably on the beneficiary's appeal and an SSA employee correctly removed the worker's compensation information from the record. However, the system did not delete the overpayment. Instead, the ROAR incorrectly reflected the $129,378 overpayment was recovered via a one-time full benefit withholding on January 4, 2022 even though SSA never withheld any benefits.

We estimate the ROAR indicated an incorrect recovery status for nearly 119,000 overpayments, totaling over $922 million, that SSA established during FYs 2022 and 2023.[24] This estimate included approximately $904 million in inaccurate recoveries and $18 million in recoveries SSA did not record.[25] Therefore, we estimate SSA collected $4.1 billion (18 percent) less than the $5 billion it reported through benefit withholding.

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[21] See Appendix B, Table B-3 and Table B-4.

[22] SSA's Office of Finance Policy and Program Integrity completes the debt management portion of the AFR using a report with transaction level ROAR data.

[23] SSA, *Agency Financial Report Fiscal Year 2022*, *SSA Publication No. 31-231*, p. 167 (November 2022); *Agency Financial Report Fiscal Year 2023*, *SSA Publication No. 31-231*, p. 196 (November 2023).

[24] See Appendix B, Table B-5.

[25] See Appendix B, Table B-7.

Because the ROAR reflected incorrect overpayment information, the Agency misstated in its AFR how much it overpaid and recovered. To the extent information in the AFR is incorrect, Congress and the Administration may not be able to accurately assess the Agency's stewardship of the financial resources entrusted to it.

Agency Notices

In March 2019, we recommended SSA improve its manual and automated overpayment processes to ensure all notices contain required due-process language.[26] While SSA agreed with our recommendations and took some actions to improve notice processing, we continued to find notice errors in this audit. Of the 200 sampled overpayments, SSA made errors related to notices for 45.[27]

- For 28 overpayments, SSA mailed notices without providing the beneficiaries with breakdowns of the overpayments. Thus, these notices did not provide the beneficiaries the information they needed to decide how to respond to the overpayments.

- For eight overpayments, there was no evidence on file that SSA mailed notices to beneficiaries. For these overpayments, SSA either did not inform beneficiaries or did not comply with policy that requires that SSA retain notices.

- For nine overpayments, SSA mailed notices to survivors about overpayments owed by deceased beneficiaries; however, the Agency's systems indicated financial institutions had already returned the overpaid funds to SSA. One family unnecessarily remitted funds back to SSA, which SSA eventually returned.

We have an ongoing audit to determine whether SSA issued OASDI overpayment notices according to SSA policy.

CONCLUSION

Erroneously established and incorrectly calculated overpayments result in an undue burden on both the Agency and the public. Individuals assessed an overpayment incorrectly or for an incorrect amount may either (1) pay more than they owe or (2) request a reconsideration or use additional methods of overpayment relief that may be available, such as a waiver. In fact, overpaid individuals who request a waiver or reconsideration may prompt SSA to correct errors made when SSA employees or systems established or calculated overpayments. However, SSA employees must then process these requests, and SSA does not have timeliness standards for processing them. Prolonged decisions on these requests or under-calculated overpayments can delay or prevent recovery and negatively affect SSA's trust funds.

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[26] SSA, OIG, *The Social Security Administration's Application of Due-process Provisions for Old-Age, Survivors and Disability Insurance Overpayments*, *A-07-18-50622*, pp. 8 and 9 (March 2019).

[27] Of the 45 overpayments with notice errors, 12 included other types of errors from the findings above.

SSA's overstatement of recovered overpayment amounts may lead to misunderstandings about the Agency's performance. If SSA does not address the underlying issues that contribute to this misreporting, it risks continuing to provide inaccurate information to the Administration, Congress, and public. It is important that SSA calculate and process overpayments effectively and accurately report overpayment information to stakeholders.

RECOMMENDATIONS

We recommend SSA:

1. Review and resolve the 37 incorrectly processed overpayments.

2. To prevent future errors, establish controls to ensure employees accurately process overpayments and do not initiate recovery inappropriately.

3. To prevent future errors, enhance systems to reduce inaccurate overpayments.

4. Update policy to ensure employees resolve explanation, reconsideration, and waiver requests within a specific time frame.

5. Update systems, policy, and procedures to ensure the ROAR reflects correct information for accurate reporting of recoveries in the AFR.

AGENCY COMMENTS

SSA agreed to implement our recommendations; see Appendix C.

APPENDICES

Appendix A – SCOPE AND METHODOLOGY

To accomplish our objective, we:

- Reviewed applicable Federal laws and sections of the Social Security Administration's (SSA) policies and procedures.

- Obtained a data extract of 49,484 Old-Age, Survivors, and Disability Insurance overpayments SSA established on the Recovery of Overpayments, Accounting and Reporting system from 1 segment[1] of the Master Beneficiary Record that, in Fiscal Years 2022 and 2023,

  o were identified as legally defined overpayments;[2]

  o were established with a total balance greater than $1,000;[3]

  o had not terminated collection activity; and

  o had not closed by remittance.[4]

- Reviewed a random sample of 200 overpayments to determine whether SSA:

  o Provided overpaid individuals proper due process according to agency policy and correctly followed policy for resolving explanation, reconsideration, and waiver requests.

  o Collected and recorded collections in accordance with policy and procedures.

  o Initiated collection efforts at the proper time.

  o Initiated collection from liable beneficiaries, when appropriate.

  o Used all available collection tools, including external collections, data matching, and information sharing.[5]

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[1] The Master Beneficiary Record is a file of all current and previously entitled Old-Age, Survivors, and Disability Insurance beneficiaries. The Record is divided into 20 equal segments that are separated based on the last 2 digits of the Social Security number. One segment represents 5 percent of the total population of wage earners. Because each segment contains similar characteristics, the characteristics of 1 segment are representative of all 20 segments.

[2] SSA's policy defines non-legally defined overpayments as incorrect payments, which are payments received by an individual who was not entitled to receive it under Title II of the Act. SSA, *POMS*, GN 02201.001 E (June 07,2024).

[3] During our audit period, SSA's policy instructed employees to apply an administrative tolerance on waiver requests when the original overpayment amount was established for $1,000 or less and the overpaid individual is not at fault. SSA presumes the overpaid individual is not at fault unless there is fraud, similar fault, or duplicate check negotiation involved. As a result, we did not review overpayments less than $1,000. In May 2025, SSA increased the administrative tolerance to $2,000. SSA, *POMS,* GN 02250.350 (May 20, 2025).

[4] Remittances are payments that SSA receives for debts, premiums, or standard fees from the beneficiary to recover a legally defined overpayment. When an overpayment occurs, the beneficiary is required to remit the excess amount back to the Agency. SSA, *POMS*, GN 02403.001 (January 4, 2013).

[5] See Appendix B for our Sampling Methodology and Results.

- Obtained information from SSA's systems and policy experts and assessed SSA's

    o controls over the establishment and collection of OASDI overpayments;

    o controls to ensure the accurate and timely initiation of overpayment recovery actions; and

    o reporting of overpayments in the Agency Financial Report.

For the sampled items, we reviewed the Debt Management System, Evidence Portal, Master Beneficiary Record, Supplemental Security Income Detail record, and Recovery of Overpayments, Accounting and Reporting system.

We conducted our review between July 2024 and May 2025. 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 determined the data were sufficiently reliable for the purposes of this report.

The principal entities audited were SSA's Offices of Operations and Retirement and Disability Policy. We assessed the significance of internal controls necessary to satisfy the audit objective. This included an assessment of five internal control components. 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

    o Principle 10: Design Control Activities

    o Principle 11: Design Activities for the Information System

    o Principle 12: Implement Control activities

- Component 4 – Information and Communication

    o Principle 14: Communicate Internally

    o Principle 15: Communicate Externally

- Component 5 – Monitoring

    o 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 conduct the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

Appendix B – SAMPLING METHODOLOGY AND RESULTS

We obtained our population as detailed in Appendix A. To conduct this review, we used a simple random sample statistical approach. 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 Overpayments
Population	49,484
Sample	200
Estimated Total Population (Population x 20 segments)	989,680

Sample Results and Projections

Of the 200 overpayments, the Social Security Administration (SSA) did not use available tools or incorrectly processed 37. Of the 37 overpayments, we associated error amounts totaling $123,732 for 25. The remaining 12 overpayments involved processing errors that did not have associated error amounts. Based on our results, we estimate SSA incorrectly processed approximately 183,000 overpayments, with resulting error amounts totaling over $612 million.

Table B-2: Incorrectly Processed Overpayments

Description	Number of Errors	Error Amounts
Sample Results[1]	37	$123,732
Projected Quantity/Point Estimate	9,155	$30,613,771
Projection – Lower Limit	6,985	$11,534,595
Projection – Upper Limit	11,677	$49,692,947
Estimate in 20 Segments (Projected Quantity/Point Estimate x 20)	183,100	$612,275,420

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

These errors occurred because SSA erroneously established overpayments, calculated overpayment amounts incorrectly, delayed deciding on due-process requests, and prematurely recovered overpayments by not affording due process rights. To represent the characteristics of the total population, we conducted proportional analysis for each type of error.

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[1] Of the 37 errors, we associated dollar error amounts with 25.

Table B-3: Number of Errors by Category

Description	Error Total	Percent of Total	Projected Errors (Percent of Total x Estimate from Table B-2)
Erroneously Established Overpayments (Error Dollars)	4	11	20,141
Erroneously Established Overpayments (No Error Dollars)	3	8	14,648
Incorrect Overpayment Amount	7	19	34,789
Delayed Recovery (Error Dollars)	8	22	40,282
Delayed Recovery (No Error Dollars)	9	24	43,944
Premature Recovery	6	16	29,296
Total	**37**	**100**	**183,100**

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

Of the 37 overpayments with errors, 25 had associated error amounts. We conducted proportional analysis to identify the project amounts for each error category.

Table B-4: Error Amounts by Category

Description	Error Total	Error Amount	Percent of Total	Projected Amounts (Percent of Total x Estimate from Table B-2)
Erroneously Established Overpayments (Error Dollars)	4	$39,365	32	$195,928,134
Incorrect Overpayment Amount[2]	7	$49,212	40	$244,910,168
Delayed Recovery (Error Dollars)	8	$24,701	20	$122,455,084
Premature Recovery	6	$10,454	8	$48,982,034
Total	**25**	**$123,732**	**100**	**$612,275,420**

Agency's Inaccurate Reflection of Recovery Decisions

Additionally, we found 24 of the 200 overpayments totaling almost $316,000 had an incorrect recovery status in the Recovery of Overpayments, Accounting and Reporting (ROAR) System. Based on our results, we estimate nearly 119,000 overpayments totaling over $922 million had an incorrect recovery status.

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[2] These seven overpayments with error amounts totaling $49,212 comprised six undercalculated overpayments totaling $49,053 (99.7 percent of the total error amount) and one overcalculated overpayment totaling $159 (0.3 percent of the total error amount). Of the $244,910,168, we estimated SSA undercalculated $244,175,437 (99.7 percent) and overcalculated $734,731 (0.3 percent).

Table B-5: Inaccurate Recovery Decisions

Description	Number of Errors	Error Amounts
Sample Results[3]	24	$186,333
Projected Quantity/Point Estimate	5,938	$46,102,511
Projection – Lower Limit	4,167	$25,297,293
Projection – Upper Limit	8,140	$66,907,728
Estimate in 20 Segments (Projected Quantity/Point Estimate x 20)	118,760	$922,050,220
Total Projected Error Amount (Estimate in 20 Segments plus Outlier Actual Amount of $129,378)		$922,179,598

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

Of the 24 overpayments with incorrect recovery statuses, the ROAR indicated 23 had been recovered when they had not and 1 that had been recovered but was not reflected as such. We estimate over 114,000 overpayments inaccurately reflected recoveries and 4,800 overpayments should have reflected recoveries.

Table B-6: Inaccurate Recovery Decisions by Category

Description	Error Total	Percent of Total	Projected Errors (Percent of Total x Estimate from Table B-5)
Inaccurately Reflected as Recovered	23	96	114,010
Not Reflected as Recovered	1	4	4,750
Total	**24**	**100**	**118,760**

Of the 23 overpayments inaccurately reflected as recovered, 1 was an outlier that totaled over $129,000. The remaining 22 overpayments inaccurately reflected as recovered totaled almost $183,000. Additionally, one overpayment totaling more than $3,000 was not reflected as recovered. We estimate the ROAR reflected approximately $904 million inaccurately as recoveries and over $18 million in recoveries SSA did not record.

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[3] We determined one error amount of $129,378 to be an outlier in the population and excluded it from our projections and will use the actual value of the error.

Table B-7: Inaccurate Recovery Decision Amounts by Category

Description	Error Total	Error Amount	Percent of Total	Projected Amount (Percent of Total x Total Projected Error Amount from Table B-5)
Inaccurately Reflected as Recovered (excluding outlier)	22	$182,998	98	$903,609,216
Not Reflected as Recovered	1	$3,335	2	$18,441,004
Total (excluding outlier)	**23**	**$186,333**	**100**	**$922,050,220**
Inaccurately Reflected as Recovered, Outlier	1	$129,378		$129,378
Total	**24**	**$315,711**		**$922,179,598**

Appendix C – AGENCY COMMENTS

SOCIAL SECURITY
Office of the Commissioner

MEMORANDUM

Date: September 26, 2025
Refer To: TQA-1

To: Michelle L. Anderson
Acting Inspector General

From: Chad Poist
Chief of Staff

Subject: Office of the Inspector General Draft Report, "Processing Old-Age, Survivors, and Disability Insurance Overpayments" (072301) -- INFORMATION

Thank you for the opportunity to review the draft report. We agree with the recommendations. We are actively engaged in the ongoing review and enhancement of our agency procedures. These efforts are designed to strengthen the accuracy and efficiency of our overpayment processes, uphold program integrity, and prevent improper payments.

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

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