



# Office of the Inspector General

SOCIAL SECURITY ADMINISTRATION

## *Informational Report*

# Preventing, Detecting, and Recovering Improper Payments

072401 | July 2024



# Office of the Inspector General

SOCIAL SECURITY ADMINISTRATION

## MEMORANDUM

**Date:** July 25, 2024

**Refer To:** 072401

**To:** Martin O'Malley  
Commissioner

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

**Subject:** Preventing, Detecting, and Recovering Improper Payments

The attached final report presents the results of the Office of Audit's review. The purpose of this report is to summarize the Office of the Inspector General's audit work related to the Social Security Administration's efforts to prevent, detect, and recover improper payments, which we have identified as a major management challenge for the Agency since Fiscal Year 2002.

Attachment

# Preventing, Detecting, and Recovering Improper Payments

## 072401



July 2024

Office of Audit Report Summary

### Purpose

This report summarizes the Office of the Inspector General's (OIG) audit work related to the Social Security Administration's (SSA) efforts to prevent, detect, and recover improper payments, which we have identified as a major management challenge for SSA since Fiscal Year (FY) 2002.

### Background

Improper payments can be overpayments (when SSA pays someone more than they are due) or underpayments (when SSA pays someone less than they are due).

SSA issues over \$1 trillion in benefit payments annually. Even the slightest error in the overall payment process can result in billions of dollars in improper payments. For example, from FYs 2015 through 2022, SSA paid almost \$8.6 trillion in benefits and made approximately \$71.8 billion (0.84 percent) in improper payments, most of which were overpayments.

We conduct audits and other reviews of the Agency's programs and operations. In numerous audits, we identified issues related to improper payments and made recommendations for SSA to improve its ability to prevent improper payments before they occur and detect and recover existing improper payments.

### Summary

SSA must be a responsible steward of the funds entrusted to its care by minimizing the risk of making improper payments and recovering overpayments when they occur. According to SSA, improper payments occur because of beneficiaries' failure to report necessary information or SSA's failure to update records timely. Preventing improper payments is more advantageous than recovering them after they are made because SSA does not have to expend additional resources to recover the overpayments or process additional payments to rectify underpayments.

These actions create a burden on beneficiaries, additional work for SSA employees, and administrative costs that strain the Trust Funds.

SSA has taken steps to improve the prevention, detection, and recovery of improper payments. While we applaud SSA's efforts, there is more SSA can do. SSA has not implemented many of our recommendations, and other actions have not fully addressed our findings.

Improper payments have been a longstanding challenge for SSA. While SSA has taken actions to address this challenge, there is more it needs to do, and our recommendations can guide the Agency as it determines corrective actions. It is crucial that SSA find ways to prevent improper payments before they occur so it can reduce the administrative and productivity cost it incurs to correct improper payments and devote more resources to other priority workloads. SSA also must identify and prevent improper payments through automation and data analytics, expand efforts to collect data from reliable third-party sources, and address the root causes of improper payments to prevent their occurrence. Without better access to data, increased automation, systems modernization, and policy or legislative changes, improper payments will continue to be an issue into the future.

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## **ABBREVIATIONS**

AFI	Access to Financial Institutions
ALJ	Administrative Law Judge
C.F.R.	Code of Federal Regulations
CCE	Consolidated Claims Experience
DMP	Debt Management Product
FY	Fiscal Year
IPAS	Improper Payment Alignment Strategies
IRS	Internal Revenue Service
MDW	Modernized Development Worksheet
OASDI	Old-Age, Survivors, and Disability Insurance
OIG	Office of the Inspector General
PDB	Public Disability Benefit
POMS	Program Operations Manual System
Pub. L. No.	Public Law Number
ROAR	Recovery of Overpayments, Accounting and Reporting
SSA	Social Security Administration
SSI	Supplemental Security Income
U.S.C.	United States Code
WC	Workers' Compensation

## **PURPOSE**

This report summarizes the Office of the Inspector General's (OIG) audit work related to the Social Security Administration's (SSA) efforts to prevent, detect, and recover improper payments, which OIG has identified as a major management challenge for SSA since Fiscal Year (FY) 2002.

## **BACKGROUND**

SSA's Old-Age, Survivors, and Disability Insurance (OASDI) program provides benefits to replace some of the earnings lost when a worker retires, becomes disabled, or dies.<sup>1</sup> The Supplemental Security Income (SSI) program provides income for aged, blind, or disabled individuals with limited income and resources.<sup>2</sup> Improper payments can be overpayments (when SSA pays someone more than they are due) or underpayments (when SSA pays someone less than they are due).

We conduct audits and other reviews of the Agency's programs and operations. In numerous audits, we identified issues related to improper payments and made recommendations for SSA to improve its ability to prevent improper payments before they occur and detect and recover existing improper payments.

SSA issues over \$1 trillion in benefit payments annually. Even the slightest error in the overall payment process can result in billions of dollars in improper payments. For example, from FYs 2015 through 2022, SSA paid almost \$8.6 trillion in benefits and made approximately \$71.8 billion (0.84 percent) in improper payments, most of which were overpayments (see Figure 1).<sup>3</sup>

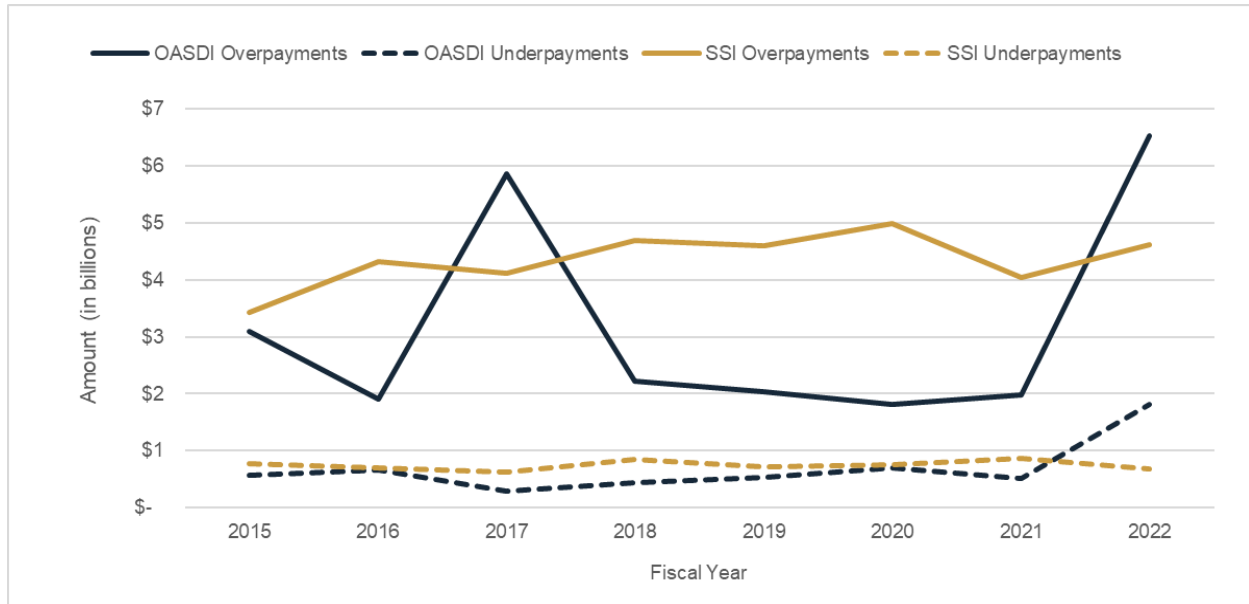
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<sup>1</sup> 42 U.S.C. §§ 402, 423.

<sup>2</sup> 42 U.S.C. §§ 1381-1383a.

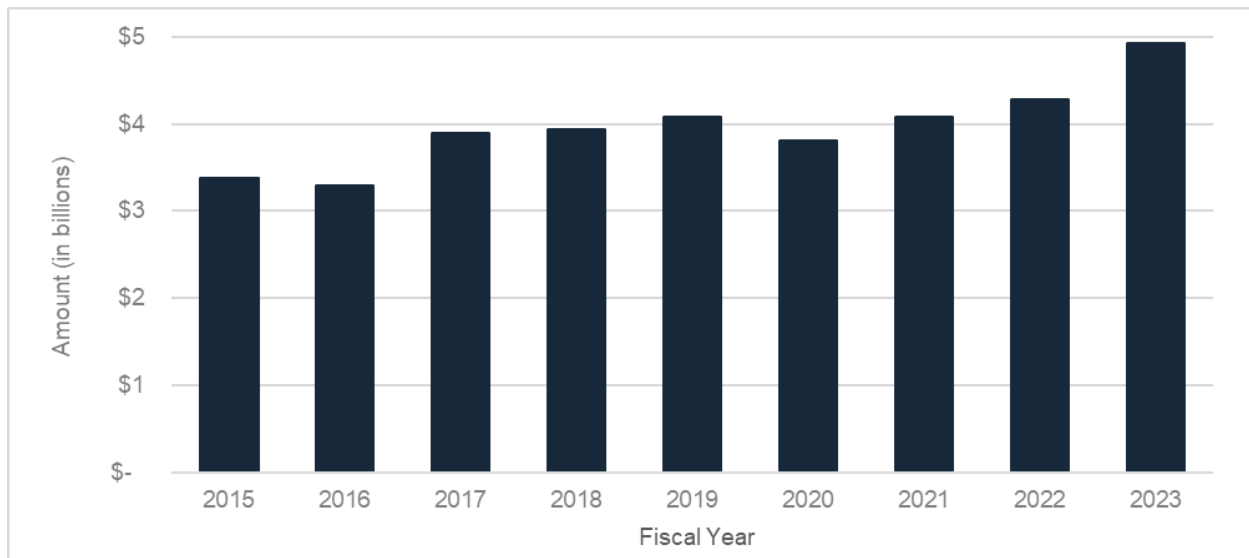
<sup>3</sup> We calculated these totals using information obtained from SSA's Agency Financial Reports for Fiscal Years 2016 through 2023. Each year's report provides payment and improper payment data for the prior FY.

**Figure 1: SSA Programs' Improper Payments<sup>4</sup>**



SSA reported it recovered over \$4.9 billion in overpayments in FY 2023. This amount was higher than any of the previous 8 FYs (see Figure 2). Still, at the end of FY 2023, SSA had a \$23 billion uncollected overpayment balance.<sup>5</sup>

**Figure 2: SSA Overpayment Recovery**



<sup>4</sup> Improper payment data for FY 2023 are not yet available.

<sup>5</sup> SSA, *Agency Financial Report Fiscal Year 2023*, p. 172 (November 2023).

## **MANAGEMENT CHALLENGE: IMPROVE THE PREVENTION, DETECTION, AND RECOVERY OF IMPROPER PAYMENTS**

SSA must be a responsible steward of the funds entrusted to its care by minimizing the risk of making improper payments and recovering overpayments when they occur. According to SSA, improper payments occur when beneficiaries fail to report necessary information or SSA fails to update records timely.<sup>6</sup> Preventing improper payments is more advantageous than recovering them after they are made because SSA does not have to expend additional resources to recover the overpayments or process additional payments to rectify underpayments. These actions create a burden on beneficiaries, additional work for SSA employees, and administrative costs that strain the Trust Funds.

### **Beneficiary Self-reporting**

Our audits confirmed SSA's reliance on beneficiaries to report changes in their circumstances results in improper payments. Wages and income, resources, and living arrangements are a few of the factors that affect OASDI and/or SSI eligibility and payment amounts. SSA explicitly informs individuals of their reporting requirements during the application process, in their award letters, and in periodic correspondence. However, beneficiaries do not always comply with, or understand, their responsibility to report this information. Obtaining data that assist with making eligibility and payment determinations from external sources, such as other Federal and state agencies and financial institutions, is critical to preventing and detecting improper payments.

For example, in a September 2023 audit, we reported that not all beneficiaries informed SSA of the workers' compensation and public disability benefits (WC/PDB) they received, which led to SSA improperly paying them. We estimated SSA paid \$138 million more from the Disability Insurance Trust Fund in 2019 than it would have had it been able to impose WC/PDB offset for over 22,000 beneficiaries who received payments from reverse offset plans. SSA has authority to collect WC/PDB information to administer SSA's programs; however, a state may determine it lacks authority to share information with SSA based on state law. Without these state data, SSA must rely on beneficiaries to report any WC/PDB they have received.<sup>7</sup>

We recommended SSA negotiate with the states to establish agreements to obtain WC/PDB information to help ensure SSA correctly applies WC/PDB offset. However, SSA disagreed with the recommendation stating, "While [it] has the legal authority to collect [WC/PDB] information, there is no legislative requirement for [s]tates or other entities to share the information . . . ." SSA also cited other factors ". . . including data quality, technological and logistical challenges, anticipated program savings, and estimated costs."<sup>8</sup> We believe SSA's decision to dismiss the possibility of acquiring state data is short-sighted and should be revisited as the state data could lead to more accurate payments.

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<sup>6</sup> SSA, *Agency Financial Report Fiscal Year 2023*, pp. 178 and 183 (November 2023).

<sup>7</sup> SSA, OIG, *State Workers' Compensation and Public Disability Benefits' Reverse Offset Plans' Impact on the Disability Insurance Trust Fund, A-02-19-50867*, pp. 3 and 4 (September 2023).

<sup>8</sup> SSA, OIG, *State Workers' Compensation and Public Disability Benefits' Reverse Offset Plans' Impact on the Disability Insurance Trust Fund, A-02-19-50867*, pp. 7 and E1 (September 2023).



SSA should continue implementing our recommendations to identify and prevent improper payments through automation and data analytics.<sup>9</sup> SSA needs to use available data to better identify changes that affect beneficiaries' and recipients' benefit payments. In addition, SSA needs to expand efforts to collect data from reliable third-party sources that would aid it in mitigating discrepancies that can occur when beneficiaries or recipients self-report information.

## **Insufficient Controls**

Our audits also found that SSA failed to update benefit amounts timely when it relied on insufficient controls in automated and manual processes. Had SSA implemented effective controls to promptly process information and automated more of its processes, it could have prevented some overpayments.

Although SSA's systems automatically compute most benefit-payment amounts, some require manual employee actions to calculate payments or establish records. Many of the calculations are based on complex provisions written into Federal statutes and regulations. SSA provides tools to assist employees with these calculations, and SSA's systems generate alerts to prompt manual actions for some workloads. However, our audits have found the controls designed to ensure SSA completes these manual processes accurately and timely are not always effective.

For example, in a May 2022 audit of overpayments caused by incorrect benefit computations, we found SSA could have avoided about 73,000 overpayments totaling more than \$368 million had it had effective controls over manual benefit computations. SSA's automated systems cannot compute benefit payments in certain situations, and the Agency did not provide employees a comprehensive tool to manually calculate benefits. Without adequate automation tools, employees sometimes make errors.<sup>10</sup>

In one case, a beneficiary was entitled to disability benefits based on his own earnings and childhood disability benefits based on his father's earnings. In February 2016, when awarding benefits to a second child on the father's record, an employee had to recompute the childhood disability benefit. When the employee recalculated the childhood disability benefit, they did not consider the beneficiary's entitlement on his own record and erroneously increased the child's monthly benefit from \$200 to \$514. When a beneficiary is entitled on more than one record, employees must review benefits paid under both records to determine the correct benefit due. In October 2016, SSA correctly reduced the monthly benefit back to \$200 and posted a \$3,454 overpayment. SSA could have eliminated the risk of human error and prevented the overpayment had its systems been able to automatically award benefits to the second child.<sup>11</sup>

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<sup>9</sup> See Appendix A for audits with unimplemented recommendations related to preventing and detecting improper payments caused by SSA's reliance on beneficiaries' self-reporting.

<sup>10</sup> SSA, OIG, *Incorrect Old-Age, Survivors and Disability Insurance Benefit Payment Computations that Resulted in Overpayments*, A-07-18-50674, p. 3 (May 2022).

<sup>11</sup> SSA, OIG, *Incorrect Old-Age, Survivors and Disability Insurance Benefit Payment Computations that Resulted in Overpayments*, A-07-18-50674, p. 4 (May 2022).

In response to our audit, SSA stated it implemented new control and review programs, which included new guidance on benefit payments for field office and payment center employees. According to SSA, the additional reviews should allow it to track deficiencies and develop related training. In addition, SSA updated a toolbar to centralize a benefit-rate calculation tool and offered technicians additional resources to stay current with toolbar updates, tips, and workarounds. Further, at the time of our audit, SSA had two projects to modernize information technology and increase automation that it said would minimize manual processing, but SSA did not have planned implementation dates.

We recommended SSA improve its systems to automate benefit computations and reduce the need for manual processing. SSA agreed to implement our recommendation but has not done so. In January 2023, SSA informed us it is, “. . . working to determine the feasibility of adding automation options within the [Consolidated Claims Experience] that may reduce the need for manual processing . . .”. However, SSA does not have a timeline for implementation.

We have made recommendations for SSA to improve its controls to help prevent overpayments; however, many remain unimplemented.<sup>12</sup> SSA should implement our recommendations to improve systems and increase automation to prevent improper payments.

## Recovering Overpayments and Issuing Underpayments

When an overpayment is made, SSA must expend additional resources to attempt recovery. For FY 2023, SSA reported an administrative cost of \$.08 for every dollar collected.<sup>13</sup> SSA has numerous options for recovering overpayments. The preferred method is to withhold benefits if the overpaid individual is receiving a monthly payment. According to Federal regulations, SSA must give an overpaid individual due process rights before it initiates recovery of an overpayment.<sup>14</sup> SSA policy is to send the overpaid individual a written notification.<sup>15</sup> The notice must include such information as the amount of the overpayment, how and when the overpayment was made, a request for full refund, proposed adjustment if SSA does not receive the refund, and the overpaid individual's right to request reconsideration or waiver.<sup>16</sup> Options for SSA to recover the overpayment include direct billing, a negotiated repayment plan, withholding other Federal payments, garnishing wages, or referring the overpaid individual to credit bureaus in an effort to encourage repayment.<sup>17</sup>

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<sup>12</sup> See Appendix C for audits with unimplemented recommendations related to preventing and detecting improper payments caused by SSA's insufficient controls.

<sup>13</sup> SSA, *Agency Financial Report Fiscal Year 2023*, p. 172 (November 2023).

<sup>14</sup> 20 C.F.R. §§ 404.502a, 416.558.

<sup>15</sup> SSA, *POMS*, GN 02201.009, A (October 13, 2023) and SI 02201.025 (December 4, 2008).

<sup>16</sup> SSA, *POMS*, GN 02201.009, B (October 13, 2023) and SI 02201.025 (December 4, 2008).

<sup>17</sup> SSA, *POMS*, GN 02210.180 (February 21, 2024); SI 02220.025 (February 15, 2024); GN 02201.040 (May 25, 2012); GN 02201.032 (March 9, 2016); and SI 02220.014 (August 25, 2023).

Effective March 25, 2024, SSA modified the default recovery rate for all new OASDI overpayments from full benefit withholding to the greater of \$10 or 10 percent of the monthly benefit amount.<sup>18</sup> According to SSA, new overpayments established after April 14, 2024 will default to the new recovery rate. SSA will issue notices to all overpaid individuals who are repaying an overpayment at a rate greater than 10 percent, giving them the option to request a lower rate. This new policy does not apply to overpayments for which SSA has established fraud or similar fault or for which there is court-ordered restitution or a civil monetary penalty.

While the overpaid individual is primarily responsible for repaying an overpayment, in some instances, when SSA cannot collect from the overpaid individual, SSA policy requires that it attempt collection from other individuals liable for repaying the overpayment. Such individuals could include spouses or children receiving benefits on the same OASDI earnings record or as members of an eligible couple for SSI.<sup>19</sup> SSA can waive recovery of an overpayment if (1) the person is without fault and (2) recovery would either defeat the purpose of the *Social Security Act* or “be against equity and good conscience.”<sup>20</sup>

When SSA determines it has underpaid a beneficiary, it will pay the beneficiary the amount owed. Our audits found SSA’s actions to process over- and underpayments were not always effective or consistent.

For example, in a May 2019 audit, we reported SSA records erroneously showed 5,720 terminated beneficiaries remained responsible for repaying \$17.7 million originally overpaid to another debtor.<sup>21</sup> We found SSA should have initiated recovery of these overpayments from the original debtor or another liable beneficiary on the record. Errors occurred because SSA’s systems did not prompt staff to remove the balance from terminated beneficiaries and re-establish the debt to the original debtor.

We recommended SSA establish controls to remove outstanding debts from terminated beneficiaries’ records and transfer the balance to the original debtors for immediate repayment or recovery through additional debt collection tools. SSA agreed to implement the recommendation but has not done so. SSA responded that this and many other recommendations related to improper payments would be addressed by the development of a comprehensive Debt Management Product (DMP).<sup>22</sup> SSA anticipated the DMP would enable it to collect, store, monitor, and report debt activity with confidence, accuracy, and timeliness. However, SSA began working on the DMP in FY 2018 and stopped implementation efforts in FY 2024 because DMP did not receive funding. We are conducting an audit of the Agency’s development and implementation of DMP.

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<sup>18</sup> Jeffrey Buckner, *Social Security Eliminates Overpayment Burden for Social Security Beneficiaries – Automatic Overpayment Recovery Rate Reduced to 10 Percent*, Social Security Matters, blog.ssa.gov (March 29, 2024).

<sup>19</sup> 42 U.S.C. §§ 404, 1383 (b)(1)(A); 20 C.F.R. §§ 404.502, 416.570(a)).

<sup>20</sup> SSA, *POMS*, GN 02250.001 (October 4, 2005).

<sup>21</sup> SSA, *OIG, Recovery of Old-Age, Survivors and Disability Insurance Overpayments When a Contingently Liable Beneficiary Stops Receiving Benefits*, A-04-18-50651, p. 2 (May 2019).

<sup>22</sup> See Appendix D for audits with unimplemented recommendations related to recovering overpayments and issuing underpayments.

## Addressing the Improper Payments Management Challenge

SSA has taken steps to improve the prevention, detection, and recovery of improper payments. For example, in FY 2019, to address longstanding issues associated with improper payments, SSA established the Improper Payment Prevention Team within the Office of Analytics, Review, and Oversight's Office of Program Integrity.<sup>23</sup> The Team has developed Improper Payment Alignment Strategies (IPAS) to determine the underlying causes of payment errors, develop corrective action plans, and determine cost-effective actions. IPAS are living documents that SSA updates continually. In FY 2023, SSA updated nine IPAS:

1. Substantial Gainful Activity,
2. Financial Accounts,
3. SSI Wages,
4. Non-home Real Property,
5. Absence from the United States,
6. Medical Cessation Processing,
7. Death Data,
8. Government Pension Offset and Windfall Elimination Provision, and
9. In-kind Support and Maintenance.

In October 2023, SSA initiated a comprehensive review of overpayment procedures, policies, systems, and communications to determine where SSA could make improvements. The Office of the Commissioner is leading this review, which includes participants from the Improper Payment Prevention Team and the Offices of Public Service and Operations Support, Income Security Programs, Financial Policy and Operations, and General Counsel.

Further, to prevent improper payments, SSA is developing an information exchange to obtain monthly earnings data from third-party payroll data providers. In February 2024, SSA issued a notice of proposed rulemaking for the payroll exchange in the Federal Register.<sup>24</sup> However, SSA does not have a definitive timeline for implementing the exchange.

In addition, SSA created an information exchange agreement that allows states to disclose to the Agency account statements related to distributions and account balances of all *Stephen Beck, Jr., Achieving a Better Life Experience (ABLE) Act of 2014* (Pub. L. No. 113-295) accounts. The ABLE Act aimed to ease financial strains individuals with disabilities face by making tax-free savings accounts available to cover qualified disability expenses. As of FY 2022, SSA had secured agreements and received data from most states.<sup>25</sup>

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<sup>23</sup> In March 2024, the Office of Program Integrity restructured and renamed the Improper Payment Prevention Team to the Improper Payments Prevention Branch.

<sup>24</sup> Use of Electronic Payroll Data To Improve Program Administration, 89 Federal Register 11,773 (proposed February 15, 2024).

<sup>25</sup> SSA, OIG, *The Social Security Administration's Major Management and Performance Challenges During Fiscal Year 2022*, A-02-21-51120, p. 21 (November 2022).

In addition, in January 2021, SSA partnered with the Department of the Treasury's Pay.gov team to improve overpayment recovery by implementing SSA's first on-line repayment option for overpaid individuals. This option allows individuals to repay overpayments via credit or debit cards or automated clearing house transactions directly from checking or savings accounts. In July 2021, SSA implemented a second option that allows overpaid individuals to use their bank's online bill pay features to make one-time or recurring automated clearinghouse drafts from a bank account using a personal computer or mobile telephone.<sup>26</sup>

In March 2019, SSA made system enhancements that automated some manual terminations for Disability Insurance beneficiaries. Based on our observations, SSA's system enhancements may have reduced the error rate for Disability Insurance beneficiaries and helped prevent some avoidable overpayments because of improved automation.<sup>27</sup>

To address overpayments related to financial accounts, SSA implemented the Access to Financial Institutions (AFI) program in June 2011. AFI verifies alleged bank account balances with financial institutions and searches for undisclosed accounts at geographically relevant locations based on the individual's address. SSA uses AFI when it processes initial SSI applications and periodic eligibility redeterminations.<sup>28</sup>

In a July 2023 report, we noted SSA's automation enhancements reduced the need for manual processing for some workloads from FYs 2019 through 2021. SSA began using robotic process automation, which involves the use of software to automate high-volume, labor-intensive, or repeatable tasks. Automation can lead to cost and time savings by preventing human error that contributes to improper payments and reducing the time employees require to make manual inputs and correct mistakes.<sup>29</sup> Additionally, automating simple tasks allows employees to focus their efforts on more complex actions.

While we applaud SSA's efforts, there is more it can do. SSA has not implemented many of our recommendations, and other actions have not fully addressed our findings. For example, in December 2015, in response to a recommendation, SSA improved systems controls to pay underpayments owed to deceased beneficiaries to their eligible surviving spouses. However, this control does not identify underpayments (1) over \$2,500, (2) owed to deceased beneficiaries who have no surviving spouse on the record, (3) owed to deceased beneficiaries who were terminated before 2011, or (4) owed to living beneficiaries. As a result, in a December 2020 follow-up audit, we found SSA did not issue approximately \$52 million in underpayments to almost 28,000 individuals.<sup>30</sup> SSA agreed with, but has not implemented, our recommendation to revise its alerts or clean-up operation to identify and resolve underpayments for terminated beneficiaries.

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<sup>26</sup> SSA, OIG, *The Social Security Administration's Major Management and Performance Challenges During Fiscal Year 2022*, A-02-21-51120, p. 21 (November 2022).

<sup>27</sup> SSA, OIG, *Statutory Benefit Continuation for Disability Beneficiaries*, A-07-21-51105, p. 8 (September 2023).

<sup>28</sup> SSA, OIG, *Compliance with the Payment Integrity Information Act of 2019 in Fiscal Year 2022*, A-15-22-51183, p. 4 (May 2023).

<sup>29</sup> SSA, OIG, *Manual Processes for Resource-intensive Workloads*, A-07-19-50882, pp. 3 and 6 (July 2023).

<sup>30</sup> SSA, OIG, *Follow-up on Underpayments Payable to Terminated Old-Age, Survivors and Disability Insurance Beneficiaries*, A-09-19-50848, p. 2 (December 2020).

SSA must continue to focus on preventing, detecting, and recovering improper payments to the extent possible to protect taxpayer funds and ensure it administers its programs equitably for current and future beneficiaries.

## **SUMMARY**

Improper payments have been a longstanding challenge for SSA. While SSA has taken actions to address this challenge, there is more it needs to do, and OIG's recommendations can guide the Agency as it determines corrective actions. It is crucial that SSA find ways to prevent improper payments before they occur so it can reduce the administrative and productivity cost it incurs to correct improper payments and devote more resources to other priority workloads. SSA also must identify and prevent improper payments through automation and data analytics, expand efforts to collect data from reliable third-party sources, and address the root causes of improper payments to prevent their occurrence. Without better access to data, increased automation, systems modernization, and policy or legislative changes, improper payments will continue to be an issue into the future.

# ***APPENDICES***

## **Appendix A – SCOPE AND METHODOLOGY**

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To accomplish our review, we:

- Reviewed applicable Federal laws, regulations, and sections of the Social Security Administration’s (SSA) Program Operations Manual System related to improper payments.
- Reviewed SSA’s Agency Financial Reports for Fiscal Years 2016 through 2023.
- Reviewed prior Office of the Inspector General audits with unimplemented recommendations related to recovering, detecting, and preventing improper payments.
- Obtained the status of SSA’s implementation of recommendations as of March 2024.



## **Appendix B – UNIMPLEMENTED RECOMMENDATIONS RELATED TO BENEFICIARY SELF-REPORTING**

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According to the Social Security Administration (SSA), many overpayments are caused by its reliance on beneficiaries to self-report information.<sup>1</sup> The Office of the Inspector General (OIG) has made recommendations to improve SSA's ability to reduce its reliance on beneficiaries' self-reporting. However, many of those recommendations, as listed below, remain unimplemented.

### **Workers' Compensation and Public Disability Benefits**

In a September 2023 audit, we reported that not all beneficiaries informed SSA of the workers' compensation/public disability benefits (WC/PDB) they received, which led to SSA improperly paying them. SSA has authority to collect WC/PDB information to administer SSA's programs; however, a state may determine it lacks authority to share information with SSA based on state law. Without these state data, SSA must rely on beneficiaries to report any WC/PDB they have received.<sup>2</sup>

#### ***OIG Recommendation***

We recommended SSA negotiate with the states to establish data matches to obtain WC/PDB information to help ensure SSA correctly applies WC/PDB offsets.<sup>3</sup>

#### ***Status of the Agency's Implementation***

SSA disagreed with the recommendation stating, "While [it] has the legal authority to collect [WC/PDB] information, there is no legislative requirement for [s]tates or other entities to share the information . . ." SSA cited other factors when considering a data exchange ". . . including data quality, technological and logistical challenges, anticipated program savings, and estimated costs."<sup>4</sup> Finally, SSA stated, per its policy, the beneficiary "is the primary source for verification of WC/PDB information."

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<sup>1</sup> SSA, *Agency Financial Report Fiscal Year 2023*, pp. 178 and 183 (November 2023).

<sup>2</sup> SSA, OIG, *State Workers' Compensation and Public Disability Benefits' Reverse Offset Plans' Impact on the Disability Insurance Trust Fund, A-02-19-50867*, pp. 3 and 4 (September 2023).

<sup>3</sup> SSA, OIG, *State Workers' Compensation and Public Disability Benefits' Reverse Offset Plans' Impact on the Disability Insurance Trust Fund, A-02-19-50867*, p. 7 (September 2023).

<sup>4</sup> SSA, OIG, *State Workers' Compensation and Public Disability Benefits' Reverse Offset Plans' Impact on the Disability Insurance Trust Fund, A-02-19-50867*, p. E-1 (September 2023).

## Windfall Elimination Provision and Government Pension Offset

In a September 2023 audit, we found SSA continued relying on beneficiaries to self-report when they receive non-covered pensions, which led to improper payments related to Government Pension Offset and the *Social Security Act's* Windfall Elimination Provision. When SSA had the non-covered pension information it needed, we concluded SSA generally made accurate benefit determinations.<sup>5</sup>

### ***OIG Recommendation***

We recommended SSA determine whether to seek legislation to amend the Internal Revenue Code to permit the Internal Revenue Service to share with SSA noncovered pension data for all Old-Age, Survivors and Disability Insurance beneficiaries.<sup>6</sup>

### ***Status of the Agency's Implementation***

SSA disagreed with our recommendation, stating, "The decision to propose legislation depends on multiple factors, many outside of our control. Additionally, the legislative proposal process is pre-decisional and deliberative; therefore, we cannot discuss this process outside the information published in the President's Budget."<sup>7</sup>

## Compliance with the *Payment Integrity Information Act of 2019*

In a May 2023 audit on SSA's compliance with the *Payment Integrity Information Act of 2019*,<sup>8</sup> we reported that financial accounts—such as checking, savings, and credit union accounts—are a leading cause of overpayments in the Supplemental Security Income (SSI) program. Between FYs 2011 and 2021, overpayments related to financial accounts ranged from \$870 million to approximately \$1.9 billion, annually. To address overpayments related to financial accounts, in June 2011, SSA implemented the Access to Financial Institutions (AFI) program. AFI verifies alleged bank account balances with financial institutions and searches for undisclosed accounts at geographically relevant locations based on the individual's address. SSA uses AFI when it processes initial SSI applications and periodic eligibility redeterminations. However, in FY 2021, we estimated SSA could have prevented approximately \$1.4 billion in overpayments due to financial accounts had it performed AFI searches between the initial application and redetermination.<sup>9</sup>

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<sup>5</sup> SSA, OIG, *Government Pension Data for the Windfall Elimination Provision and Government Pension Offset Determinations*, A-13-20-50970, p. 4 (September 2023).

<sup>6</sup> SSA, OIG, *Government Pension Data for the Windfall Elimination Provision and Government Pension Offset Determinations*, A-13-20-50970, p. 6 (September 2023).

<sup>7</sup> SSA, OIG, *Government Pension Data for the Windfall Elimination Provision and Government Pension Offset Determinations*, A-13-20-50970, p. E-1 (September 2023).

<sup>8</sup> Pub. L. No. 116-117, 134 Stat. 113.

<sup>9</sup> SSA, OIG, *Compliance with the Payment Integrity Information Act of 2019 in Fiscal Year 2022*, A-15-22-51183, pp. 4 and 5 (May 2023).

### ***OIG Recommendation***

We recommended SSA conduct a study to expand AFI searches between the SSI initial application and subsequent eligibility redeterminations.<sup>10</sup>

### ***Status of the Agency's Implementation***

SSA agreed to implement our recommendation but has not done so. According to SSA, it began analysis in the third quarter of FY 2024 to “help inform potential benefits of using [AFI] between initial claims and redeterminations.”

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<sup>10</sup> SSA, OIG, *Compliance with the Payment Integrity Information Act of 2019 in Fiscal Year 2022, A-15-22-51183*, p. 12 (May 2023).

## **Appendix C – UNIMPLEMENTED RECOMMENDATIONS RELATED TO INSUFFICIENT CONTROLS**

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Office of the Inspector General (OIG) audits found that many overpayments are caused by insufficient controls. OIG has made recommendations to improve controls at the Social Security Administration (SSA). However, many of those recommendations, as listed below, remain unimplemented.

### **Beneficiaries with Representative Payees and Earnings**

In a March 2020 audit, we estimated SSA improperly paid 1,700 beneficiaries with representative payees approximately \$8 million because the Agency increased their benefit payments based on earnings erroneously credited to the beneficiaries.<sup>1</sup> In response to our audit, in July 2021 and June 2022, SSA updated its policies to trigger alerts for SSA employees to review the accuracy of earnings records and prevent automatic processing of earnings increases for beneficiaries who had a history of inaccurate earnings.

We found the notices SSA sent informing beneficiaries and representative payees of changes to benefit payments did not provide information about the earnings type, employer, and earnings amounts SSA used to calculate the benefit increases. Therefore, beneficiaries or their representative payees may not be aware of errors in their earnings records. Additionally, the notices did not always inform the beneficiaries or their representative payees of their responsibility to report errors to SSA or how to report errors.<sup>2</sup>

#### ***OIG Recommendation***

We recommended SSA revise notices sent to beneficiaries and their representative payees informing them of benefit increases due to additional earnings to include the employer(s) name, earnings amounts, a reminder to report errors to SSA, and instructions on reporting errors.<sup>3</sup>

#### ***Status of the Agency's Implementation***

SSA agreed to implement our recommendation but has not done so. In March 2024, SSA informed us that, although it completed a revised notice, it cannot implement the notice because of budget constraints on systems' resources. SSA noted it is working to submit a funding request to support the implementation of the revised notice and will implement the notice if the request is approved.

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<sup>1</sup> SSA, OIG, *Beneficiaries with Representative Payees and Earnings*, A-02-17-50143, p. 4 (March 2020).

<sup>2</sup> SSA, OIG, *Beneficiaries with Representative Payees and Earnings*, A-02-17-50143, p. 7 (March 2020).

<sup>3</sup> SSA, OIG, *Beneficiaries with Representative Payees and Earnings*, A-02-17-50143, p. 9 (March 2020).

## **Miscellaneous Benefit Suspensions**

In a September 2020 audit, we projected SSA withheld approximately \$378 million from approximately 21,000 beneficiaries without resolving the issues that caused the benefits to be suspended. These beneficiaries had a miscellaneous suspense code, and SSA had neither controls to monitor beneficiaries in miscellaneous suspense status nor an oversight process to ensure employees use this code only when appropriate.<sup>4</sup>

### ***OIG Recommendation***

We recommended SSA implement such controls as system alerts and management reports to identify beneficiaries in miscellaneous suspense status and ensure employees take corrective actions timely.<sup>5</sup>

### ***Status of the Agency's Implementation***

SSA agreed to implement our recommendation but has not done so. In November 2023, SSA responded that it plans to use the Consolidated Claims Experience (CCE) to implement this recommendation but does not expect to add this issue to the CCE until Fiscal Year (FY) 2027.

## **Overpayments Pending a Collection Determination**

In a September 2015 audit, we projected that SSA had not taken recent actions to collect overpayments for 16,240 individuals no longer receiving Supplemental Security Income (SSI) payments, totaling more than \$128 million. This occurred for various reasons, including a systems limitation that prevented collection actions and employees not being alerted that collection actions were necessary or not resolving diaries requiring follow-up action on overpayments.<sup>6</sup>

### ***OIG Recommendation***

We recommended SSA rectify the issues causing overpayments to not be resolved, including the system limitations and unresolved diaries found during the review.<sup>7</sup>

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<sup>4</sup> SSA, OIG, *Miscellaneous Benefit Suspensions for Old-Age, Survivors and Disability Insurance Beneficiaries*, A-07-19-50799, p. 2 (September 2020).

<sup>5</sup> SSA, OIG, *Miscellaneous Benefit Suspensions for Old-Age, Survivors and Disability Insurance Beneficiaries*, A-07-19-50799, p. 4 (September 2020).

<sup>6</sup> SSA, OIG, *Supplemental Security Income Overpayments Pending a Collection Determination by the Social Security Administration*, A-07-15-15030, p. 6 (September 2015).

<sup>7</sup> SSA, OIG, *Supplemental Security Income Overpayments Pending a Collection Determination by the Social Security Administration*, A-07-15-15030, p. 8 (September 2015).

## ***Status of the Agency’s Implementation***

SSA agreed to implement our recommendation but has not done so. In March 2024, SSA responded that the “. . . planned [Debt Management Product] updates will mitigate future cases related to this recommendation.” However, put implementation efforts on hold in FY 2024 because the project did not receive funding.

## **Deceased Beneficiaries in Suspended Payment Status**

In November 2021, we reported SSA issued approximately \$298 million in payments after death to about 24,000 beneficiaries. This occurred when beneficiaries remained in suspended payment status because SSA: (1) technicians did not follow existing policy; (2) had inadequate controls; and (3) policy did not consistently instruct technicians to search for, or recognize, all available sources of death information.<sup>8</sup>

We identified internal control weaknesses that allowed beneficiaries—whose benefits SSA suspended because it needed to obtain corrected address information—to remain in suspense after they were deceased. SSA systems generate an alert 60 days after suspension and 6 months after the initial alert if the beneficiary remains in suspended payment status for address development. Once technicians clear the second alert, SSA systems do not generate additional alerts to resolve the suspended status.<sup>9</sup>

In addition, we identified death information SSA received from third-party sources, such as the Centers for Medicare & Medicaid Services and the Department of the Treasury, for beneficiaries in suspense for address development. SSA had systems controls in place to alert technicians when it received death information from these sources so technicians could verify the death information before they terminated benefits. However, SSA could not provide evidence its systems generated death alerts for some beneficiaries.<sup>10</sup>

## ***OIG Recommendations***

We recommended SSA:

- Develop information reports to identify beneficiaries in death suspense for prolonged periods and instruct management to ensure technicians take appropriate actions on the cases.
- Establish systems criteria to identify Old-Age, Survivors, and Disability Insurance beneficiaries in address suspense who are likely deceased, such as identifying beneficiaries suspended for prolonged periods who do not have activity on any SSA records since their suspension. Once established, SSA should update policy to instruct technicians to search for death information.

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<sup>8</sup> SSA, OIG, *Deceased Beneficiaries in Suspended Payment Status*, A-08-19-50800, p. 3 (November 2021).

<sup>9</sup> SSA, OIG, *Deceased Beneficiaries in Suspended Payment Status*, A-08-19-50800, p. 4 (November 2021).

<sup>10</sup> SSA, OIG, *Deceased Beneficiaries in Suspended Payment Status*, A-08-19-50800, p. 5 (November 2021).

- Develop systems controls to alert technicians when SSA receives death information from sources, such as the Centers for Medicare & Medicaid Services and the Department of the Treasury, for beneficiaries in suspended payment status.<sup>11</sup>

### ***Status of the Agency’s Implementation***

As of January 2024, SSA expected to implement the first recommendation above by the end of FY 2024. In addition, SSA was modifying an existing alert and estimated completion in FY 2025 to address the second recommendation above.

With respect to the third recommendation, SSA responded that it “. . . has a third-party report process in place, which includes death information...from the Center for Medicare and Medicaid Services, Veteran Affairs, State agencies, the Office of Personnel Management, and friends or neighbors.” SSA considered other sources of death information and found them unreliable, incompatible with SSA’s systems, incomplete, and duplicative of existing processes. We acknowledge that SSA has systems controls in place to alert technicians when it receives death information from third-party sources. However, SSA could not provide evidence that its systems generated death alerts for 96 percent of the sampled beneficiaries suspended for address development who were improperly paid after death. Accordingly, we continue to believe SSA should improve systems controls to alert technicians when it receives death information for beneficiaries in suspended payment status.

### **Benefits to Students**

In April 2022, we reported SSA did not have adequate controls to ensure children who reached age 18 and still attended school received the benefits to which they were entitled. Based on our sample results, we estimated SSA underpaid 14,470 beneficiaries approximately \$59.5 million. These errors occurred and were not corrected because SSA’s systems did not:  
(1) generate alerts when SSA employees erroneously input student information or  
(2) identify errors or produce alerts instructing SSA employees to determine whether students were still due benefits.<sup>12</sup>

### ***OIG Recommendations***

We recommended SSA:

- Update systems to include alerts to notify SSA employees of potential incorrect actions and required subsequent actions.
- Update the system to ensure it generates an alert when SSA has terminated benefits to a child upon attaining age 18; however, the benefit record indicates the individual is a full-time student after they attain age 18.<sup>13</sup>

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<sup>11</sup> SSA, OIG, *Deceased Beneficiaries in Suspended Payment Status, A-08-19-50800*, pp. 9 and 10 (November 2021).

<sup>12</sup> SSA, OIG, *Students Whose Benefits Were Erroneously Terminated When They Reached Age 18, A-09-19-50823*, p. 2 (April 2022).

<sup>13</sup> SSA, OIG, *Students Whose Benefits Were Erroneously Terminated When They Reached Age 18, A-09-19-50823*, p. 5 (April 2022).

## ***Status of the Agency's Implementation***

SSA agreed to implement these recommendations but has not done so. SSA stated it was having internal discussions to determine whether it could make system enhancements to address the recommendations and estimated it would make a determination by the end of FY 2024.

## **Benefit Computations**

In a May 2022 audit of overpayments caused by incorrect benefit computations, we found SSA could have avoided about 73,000 overpayments totaling more than \$368 million had it had effective controls over manual benefit computations. SSA's automated systems cannot compute benefit payments due in certain situations, and the Agency did not provide employees a comprehensive tool to use when they had to manually calculate benefits. Without adequate automation tools, employees can make errors.<sup>14</sup>

### ***OIG Recommendation***

We recommended SSA improve Agency systems to automate benefit computations and reduce the need for manual processing.<sup>15</sup>

## ***Status of the Agency's Implementation***

SSA agreed to implement our recommendation but has not done so. SSA informed us it is, ". . . working to determine the feasibility of adding automation options within the CCE that may reduce the need for manual processing." SSA anticipates implementing the CCE in FY 2024.

## **Unverified Pensions**

In an August 2022 audit of Old-Age, Survivors, and Disability Insurance beneficiaries' spouses and widow(er)s with pensions from Federal, state, or local government work that was not subject to Social Security taxes, we estimated SSA overpaid 240 beneficiaries approximately \$2.5 million because Agency staff did not complete pension follow-up actions as required. This occurred, in part, because SSA did not have internal controls to prevent SSA staff from entering future pension entitlement dates that did not comply with policy. Without controls to ensure SSA staff enters the future pension entitlement date no more than 1 year in the future, there is an inherent risk of non-compliance because of the potential of human error.<sup>16</sup>

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<sup>14</sup> SSA, OIG, *Incorrect Old-Age, Survivors and Disability Insurance Benefit Payment Computations that Resulted in Overpayments*, A-07-18-50674, p. 3 (May 2022).

<sup>15</sup> SSA, OIG, *Incorrect Old-Age, Survivors and Disability Insurance Benefit Payment Computations that Resulted in Overpayments*, A-07-18-50674, p. 9 (May 2022).

<sup>16</sup> SSA, OIG, *Spouses and Widow(er)s Who Have Unverified Pensions*, A-13-17-50161, pp. 3 and 5 (August 2022).



## ***OIG Recommendation***

We recommended SSA implement an internal control that prevents a future pension entitlement date on the MBR of more than 1 year in the future.<sup>17</sup>

## ***Status of the Agency's Implementation***

SSA agreed to implement our recommendation but has not done so. SSA was discussing options for addressing this recommendation and expects to implement it by the end of FY 2025.

## **Processing Earnings Alerts**

SSA receives financial information from the Internal Revenue Service (IRS) to help detect unreported wages and non-wage income that may affect recipients' SSI eligibility or payment amounts. Once received, SSA's systems process the income information to identify SSI recipients whose unreported income is most likely to lead to changes in their SSI eligibility or payment amounts. The system ranks recipients from highest to lowest risk for overpayments and generates alerts for those more likely to be overpaid. To resolve the non-wage-related alerts, SSA employees must verify the income with the recipients and/or financial institutions and adjust or terminate SSI payments, if applicable. SSA maintains IRS data for 2 tax years, the current and prior year, after which the Agency overwrites it with new data.

In our September 2022 audit of IRS alerts for SSI recipients, we found SSA did not create non-wage-related alerts for some SSI couples. While these couples' incomes could have made them ineligible for SSI payments, SSA did not add alerts to their records because of limitations in its profiling process. Therefore, SSA employees were not alerted to review the information and determine whether it affected the recipients' eligibility for SSI payments. We estimated SSA was unaware it may have improperly paid almost 5,000 couples about \$29 million in SSI payments.<sup>18</sup>

In addition, we identified approximately 24,000 non-wage-related alerts that had been pending from 34 to over 1,000 days when we selected the data for review. We estimated SSA employees did not correctly, or failed to, develop non-wage-related alerts for approximately 5,130 SSI recipients. As a result, SSA had not detected it may have improperly paid them approximately \$34 million. This happened because SSA policy did not require that staff resolve the alerts before the Agency overwrites the IRS non-wage income data in its systems. Policy only indicates employees need to begin reviewing the non-wage income within 30 days. SSA's policy does not state when employees should complete their reviews.<sup>19</sup>

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<sup>17</sup> SSA, OIG, *Spouses and Widow(er)s Who Have Unverified Pensions*, A-13-17-50161, p. 11 (August 2022).

<sup>18</sup> SSA, OIG, *Follow-up on Processing Internal Revenue Service Alerts for Supplemental Security Income Recipients*, A-03-18-50277, pp. 2, 3, and 5 (September 2022).

<sup>19</sup> SSA, OIG, *Follow-up on Processing Internal Revenue Service Alerts for Supplemental Security Income Recipients*, A-03-18-50277, pp. 6 and 7 (September 2022).

## ***OIG Recommendations***

We recommended SSA:

- Update policy to establish timeframes for staff to resolve non-wage-related alerts before SSA overwrites IRS non-wage income data in its systems and/or administrative finality rules apply.
- If SSA did not implement the recommendation above, then it should retain the IRS non-wage income data in its systems beyond 2 years, so it is available for staff to process cases involving fraud or similar fault.<sup>20</sup>

## ***Status of the Agency's Implementation***

SSA did not agree to implement the first recommendation. According to SSA, it must “. . . prioritize goals based on budget considerations and other priority work. It is not feasible to establish additional fixed goals without considering the impact on other workloads and [the Agency's] ability to achieve already established goals.”

SSA agreed to implement the second recommendation but has not done so. SSA is “. . . evaluating the possibility of retaining the IRS non-wage income data...beyond 2 years.” According to SSA, if it is “able to implement this recommendation, it will require systems resources and the earliest estimated completion date would be the end of [FY] 2025.”

## **Work Review Determinations**

In September 2022, we reported SSA's controls did not ensure determinations of disabled beneficiaries' work activity that involved certain work incentives were accurate and supportable. We estimated SSA made errors on work review determinations for more than 31,000 beneficiaries, which resulted in over \$553 million in questionable benefit payments.<sup>21</sup>

In response to our recommendations, SSA released an administrative message with reminders on work reviews. According to SSA, the administrative message served as a refresher on this topic and provided reminders for technicians related to manual updates. Regarding the complexities involved in work review determinations, SSA stated it is “. . . always looking for ways to simplify the work [review] process . . . but real simplification would require changes to existing legislation, which would require congressional action.” SSA planned to replace eWork, its system for processing work reviews but did not have a clear timeline to implement it.

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<sup>20</sup> SSA, OIG, *Follow-up on Processing Internal Revenue Service Alerts for Supplemental Security Income Recipients*, A-03-18-50277, p. 8 (September 2022).

<sup>21</sup> SSA, OIG, *Work Review Determinations for Disabled Beneficiaries*, A-07-21-51012, p. 3 (September 2022).

## ***OIG Recommendation***

We recommended SSA incorporate controls in the system that will replace eWork to increase the accurate processing of work reviews and functionality to expand automation of work review processing and effectuation, reducing the need for manual actions.<sup>22</sup>

## ***Status of the Agency's Implementation***

SSA informed us that it plans to address the recommendation “. . . as part of the [minimum viable product] for eWork's replacement, which is scheduled for release in September 2025.”

## **Manually Processed Workloads**

In a July 2023 report, we identified prior audits that noted significant improper payments caused by issues related to resource-intensive and error-prone manually processed workloads. We noted SSA's automation enhancements reduced the need for manual processing for some workloads from FYs 2019 through 2021. For example, SSA began using robotic process automation (bots) in payment centers, which involves using software to automate high-volume, labor-intensive, or repeatable tasks. This can lead to cost and time savings by preventing human error and reducing the time employees require to make manual inputs and correct mistakes. Additionally, automating simple tasks allows employees to focus their efforts on more complex actions.<sup>23</sup>

## ***OIG Recommendations***

We recommended SSA:

- Implement measures to uniformly assess cost savings, effectiveness, and return on investment for automation enhancements, including bots, that affect manual workloads.
- Determine whether existing bots are cost beneficial, and, if they are, instruct employees to use them whenever appropriate.
- Determine whether it is cost beneficial to develop bots to assist with field office workloads.<sup>24</sup>

## ***Status of the Agency's Implementation***

SSA stated it will obtain “. . . a product that will help the Agency quantify the value of its automated tools...” to address the first recommendation. For the second recommendation, SSA anticipates releasing a technician experience dashboard in September 2024. SSA will address the third recommendation by developing several field office bots that it expects to deploy in September 2024.

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<sup>22</sup> SSA, OIG, *Work Review Determinations for Disabled Beneficiaries, A-07-21-51012*, p. 11 (September 2022).

<sup>23</sup> SSA, OIG, *Manual Processes for Resource-intensive Workloads, A-07-19-50882*, pp. 2, 3, and 7 (July 2023).

<sup>24</sup> SSA, OIG, *Manual Processes for Resource-intensive Workloads, A-07-19-50882*, p. 13 (July 2023).

## Processing Medical Cessations

In a September 2023 audit, we estimated SSA could have avoided more than \$68 million in overpayments to almost 5,200 beneficiaries had it stopped payments timely after it upheld appealed decisions that the beneficiaries no longer met medical requirements for disability benefits. SSA employees may not be aware of the need to manually stop payments to some Disability Insurance beneficiaries when automation is not possible. SSA's reliance on employees to stop these payments can result in delays or errors that lead to avoidable overpayments.<sup>25</sup>

When a beneficiary who elected payment continuation at the administrative law judge (ALJ) level has an appeal remanded back to the ALJ by the Appeals Council, an SSA employee must take manual action to resume payments. Even though policy on when SSA should provide these payments is clear, the Agency did not always restart the payments.<sup>26</sup>

### *OIG Recommendations*

We recommended SSA:

- Improve systems to ensure payments to Disability Insurance beneficiaries and auxiliary beneficiaries are stopped in accordance with applicable statutes, regulations, and policy.
- Create additional controls to ensure the Agency issues payments when due, especially for beneficiaries whose appeals the Appeals Council has remanded back to the ALJs.<sup>27</sup>

### *Status of the Agency's Implementation*

SSA agreed to implement our recommendations but has not done so. According to SSA, it anticipates implementing these recommendations by the end of FY 2025.

## Workers' Compensation

In a September 2023 audit, we found SSA incorrectly processed workers' compensation (WC) lump-sum settlements for Disability Insurance beneficiaries because staff did not follow policy and procedures, and SSA did not maximize the use of management information reports to train staff. As a result, SSA paid approximately \$360 million in improper payments to an estimated 64,000 beneficiaries.<sup>28</sup>

The system SSA uses to compute WC offset limits the lump-sum settlement gross award to a field of 10 characters. As such, SSA cannot use the system when the gross lump-sum amount exceeds \$9,999,999.99. In these cases, SSA employees are required to use an error-prone and lengthy manual process to compute WC offset.

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<sup>25</sup> SSA, OIG, *Statutory Benefit Continuation for Disability Beneficiaries*, A-07-21-51105, pp. 4, 8, and B-2 (September 2023).

<sup>26</sup> SSA, OIG, *Statutory Benefit Continuation for Disability Beneficiaries*, A-07-21-51105, p. 6 (September 2023).

<sup>27</sup> SSA, OIG, *Statutory Benefit Continuation for Disability Beneficiaries*, A-07-21-51105, p. 10 (September 2023).

<sup>28</sup> SSA, OIG, *Workers' Compensation Lump-sum Settlements*, 012308, pp. 3, C-1 (September 2023).

In October 2022, SSA created a strike team in one processing center to address the growing volume of WC cases. The strike team’s refresher training materials, organizational structure, and workload statistics appear to address case processing issues identified during our audit and improve the overall efficiency and payment accuracy.<sup>29</sup>

### ***OIG Recommendations***

We recommended SSA:

- Address the system limitation by expanding the field to allow settlements of, or over, \$10 million.
- Provide training based on workload deficiencies identified in management information reports.
- Evaluate the effectiveness of the strike team and whether strike teams should be established in other payment centers.<sup>30</sup>

### ***Status of the Agency’s Implementation***

SSA agreed to implement the first recommendation but has not done so. As of March 2024, SSA was “developing a training package for stakeholder review” and expected to address the second recommendation by the end of FY 2025.

SSA did not agree to implement the last recommendation. SSA stated it “. . . must weigh establishing strike teams in other [payment centers] against our many other workload priorities given our tight resources.”<sup>31</sup> We believe if strike teams are formed in other payment centers and the team members also receive refresher training on WC cases similar to what was provided at one payment center, this could help improve with accurately processing WC cases nationwide.

### **Modernized Development Worksheets**

In September 2023, we reported SSA employees did not always timely complete internal assistance requests, known as modernized development worksheets (MDW), or closed them without taking any or all actions needed to resolve them. We project SSA improperly paid more than 15,000 beneficiaries over \$81 million and delayed over \$759 million in benefit payments to nearly 43,000 beneficiaries because of untimely or inaccurate MDW processing.<sup>32</sup>

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<sup>29</sup> SSA, OIG, *Workers’ Compensation Lump-sum Settlements*, 012308, p. 10 (September 2023).

<sup>30</sup> SSA, OIG, *Workers’ Compensation Lump-sum Settlements*, 012308, p. 11 (September 2023).

<sup>31</sup> SSA, OIG, *Workers’ Compensation Lump-sum Settlements*, 012308, p. E-3 (September 2023).

<sup>32</sup> SSA, OIG, *The Social Security Administration’s Controls over Modernized Development Worksheets*, A-02-22-51157, p. 2 (September 2023).

## ***OIG Recommendations***

We recommended SSA:

- Update policy to require that employees process MDW requests within set timeframes.
- Implement controls to ensure employees take all actions requested before they close MDWs.<sup>33</sup>

## ***Status of the Agency's Implementation***

SSA did not agree to implement these recommendations. SSA stated it “. . . already [has] a number of goals, and it is not productive to establish additional fixed goals without considering how they affect our other work and our ability to achieve priority targets.”<sup>34</sup> In addition, SSA stated its managers have access to daily and weekly reports to track pending MDWs at the component level, and there is an escalation process for priority and dire need cases that allow managers to send high-priority manager-to-manager requests from one component to another.

However, our review showed that, despite its tracking and processing mechanisms in place for this workload, SSA employees did not complete the actions requested within SSA's timeframes for 29 percent of beneficiaries in our sample. While SSA has several processes in place to monitor MDW processing, including its program center and quality review experts' quality review, our work demonstrates their quality reviews, feedback to technicians, and tracking of error trends did not effectively prevent employees from closing MDWs without taking the actions requested, which led to delayed service and payments for its customers.

## **Trust Determinations**

In September 2023, we reported a lack of controls allowed field office employees to complete trust determinations for SSI recipients without adding required evidence in SSA's system and submitting or waiting for reviews, which was required per SSA policy. As a result, SSA employees did not make accurate SSI eligibility and payment determinations, improperly paying a projected 2,200 recipients.<sup>35</sup>

## ***OIG Recommendations***

We recommended SSA:

- Improve controls to ensure field office employees add documentation to support their trust determinations and the required pertinent trust documents in SSA's systems.

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<sup>33</sup> SSA, OIG, *The Social Security Administration's Controls over Modernized Development Worksheets*, A-02-22-51157, p. 5 (September 2023).

<sup>34</sup> SSA, OIG, *The Social Security Administration's Controls over Modernized Development Worksheets*, A-02-22-51157, p. C-2 (September 2023).

<sup>35</sup> SSA, OIG, *The Social Security Administration's Determinations of Supplemental Security Income Recipients' Trusts*, A-02-21-51026, pp. 3, 4 (September 2023).

- Establish system controls to ensure field office employees submit their trust determinations for review and resolve any disagreements raised by the reviews before completing their final trust determinations in SSA’s systems.
- Determine whether employees with the legal training and abilities needed to evaluate the impact trusts outlined in complex legal documents have on recipients’ SSI eligibility and payment amounts would make more accurate trust-related determinations. If they would make more accurate determinations, have those employees make them.
- Establish metrics and controls to ensure for the timely review of field office employees’ trust determinations.<sup>36</sup>

### ***Status of the Agency’s Implementation***

SSA agreed to implement the first two recommendations and anticipates completion by the end of FY 2025. SSA did not agree to implement the remaining recommendations stating, “Our policy does not require formal legal training to make most trust-related determinations” and “Due to resource and staffing constraints, it is not feasible to further increase specialization to a select few employees.” In addition, SSA stated, “We must prioritize goals for budgeted and other top-priority work. It is not feasible to establish additional fixed goals without considering how they affect our other work and our ability to achieve priority targets.”<sup>37</sup>

We did not recommend that SSA increase specialization of employees but instead that it determine whether more actively using the lawyers it already has would lead to more accurate determinations. In addition, the fact that cases remained in a pending status for years demonstrates the consequences of not establishing metrics and controls over this workload. We continue to believe SSA needs to establish metrics and controls to ensure the timely review of field office employees’ trust determinations.

### **Real Property Ownership**

In September 2023, we reported SSA systems did not have controls to ensure employees review prior real property ownerships and determine whether SSI resource-transfer rules apply. We projected SSA may have improperly denied 1,204 applicants SSI eligibility, and improperly paid 35,885 recipients because of SSA employees’ inaccurate real-property determinations.

For example, employees did not consider the values of recipients’ previously owned non-home real properties, including whether they were subject to SSI resource-transfer rules. These rules address resources recipients sell or give away for less than current market value during a 3-year look-back period.<sup>38</sup>

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<sup>36</sup> SSA, OIG, *The Social Security Administration’s Determinations of Supplemental Security Income Recipients’ Trusts*, A-02-21-51026, p. 8 (September 2023).

<sup>37</sup> SSA, OIG, *The Social Security Administration’s Determinations of Supplemental Security Income Recipients’ Trusts*, A-02-21-51026, p. E-3 (September 2023).

<sup>38</sup> SSA, OIG, *The Social Security Administration’s Determinations of Supplemental Security Income Recipients’ Real Properties*, 022328, pp. 3 and 4 (September 2023).

We also found that SSA employees did not document in SSA's claims system changes to recipients' living arrangements. SSA's claims system does not require that employees update a recipient's living arrangements when information from property searches conflicts with prior information. Without considering updated living arrangements and possible unstated income, recipients are at risk of being improperly paid.<sup>39</sup>

### ***OIG Recommendations***

We recommended SSA:

- Add system controls to ensure employees review for possible prior non-home real property ownership for properties that may have been owned or sold within the look-back period and whether the sales are subject to transfers of resource rules.
- Add system controls to ensure living arrangements are reviewed and updated for changes during redeterminations if information from property searches conflict with other information in SSA records.<sup>40</sup>

### ***Status of the Agency's Implementation***

SSA agreed to the recommendations and anticipates completion by the end of FY 2025.

## **Supplemental Security Income Underpayments**

In a December 2018 audit, we identified several SSA employees who may have inappropriately processed large numbers and/or high dollar amounts of SSI underpayments. We noted several internal control deficiencies during our review.<sup>41</sup>

### ***OIG Recommendation***

We recommended SSA implement systems controls to ensure compliance with current policy, including the two-personal identification number review process.

### ***Status of the Agency's Implementation***

SSA agreed to implement our recommendation but has not done so. SSA determined the CCE would be the best area to address this recommendation. SSA anticipates beginning the development of the SSI Underpayments User Interface within the CCE around the third quarter of FY 2025.

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<sup>39</sup> SSA, OIG, *The Social Security Administration's Determinations of Supplemental Security Income Recipients' Real Properties*, 022328, p. 6 (September 2023).

<sup>40</sup> SSA, OIG, *The Social Security Administration's Determinations of Supplemental Security Income Recipients' Real Properties*, 022328, p. 7 (September 2023).

<sup>41</sup> SSA, OIG, *Supplemental Security Income Underpayments*, A-15-18-50612 (December 2018).



## **Appendix D – UNIMPLEMENTED RECOMMENDATIONS RELATED TO RECOVERING OVERPAYMENTS AND ISSUING UNDERPAYMENTS**

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The Social Security Administration (SSA) faces challenges recovering overpayments and issuing underpayments. The Office of the Inspector General (OIG) has made recommendations to improve SSA's ability to accurately address improper payments once identified. However, many of those recommendations, as listed below, remain unimplemented.

### **Recovery Agreements that Will Extend Beyond 2049**

In a September 2021 audit, we identified almost 101,000 overpayments that, at the end of Fiscal Year (FY) 2019, were not being fully tracked because of a system limitation. The original balance of these overpayments was approximately \$4.2 billion, of which the system was not tracking over \$1.2 billion (30 percent) because SSA will not recover that amount by 2049. SSA first acknowledged the system limitation in 2011. However, SSA has not resolved the limitation that is the root cause of the problem or changed its manual control process to address known limitations and deficiencies. If SSA does not resolve the issue by the end of 2029, it estimates more than 203,000 beneficiaries will have nearly \$2.5 billion in untracked overpayments.<sup>1</sup>

#### ***OIG Recommendation***

We recommended SSA establish consistent criteria to ensure it identifies existing overpayments for which the Recovery of Overpayments, Accounting and Reporting (ROAR) system deleted a portion of the overpayment balance as part of a plan to address the untracked debt amount when it implements a solution to the ROAR system limitation.<sup>2</sup>

#### ***Status of the Agency's Implementation***

SSA agreed to implement our recommendation but has not done so. As of March 2024, SSA was “. . . working internally with the Office of the General Counsel to complete final guidance. Once guidance is finalized, [SSA] will investigate the feasibility of tracking existing overpayments for which the ROAR system deleted a portion of the overpayment balance.”

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<sup>1</sup> SSA, OIG, *Overpayments with Recovery Agreements that Will Extend Beyond 2049*, A-07-19-50775, pp. 3 and 5 (September 2021).

<sup>2</sup> SSA, OIG, *Overpayments with Recovery Agreements that Will Extend Beyond 2049*, A-07-19-50775, p. 9 (September 2021).

## **Overpayments on Suspended and Terminated Records**

In a September 2019 audit, we estimated more than 2,200 beneficiaries had overpayments totaling approximately \$17.6 million that had been improperly posted on records where SSA suspended or terminated benefits. The automated process to identify some re-entitled beneficiaries did not alert employees to take appropriate actions on the overpayments. As a result, SSA was missing the opportunity to recover the overpayments via benefit withholding.<sup>3</sup>

### ***OIG Recommendation***

We recommended SSA establish a process to identify overpayments that exist on suspended or terminated records that the Re-entitled Beneficiaries process does not detect so the Agency can transfer and recover them via benefit withholding.

### ***Status of the Agency's Implementation***

SSA agreed to implement our recommendation but has not done so. SSA anticipated the Debt Management Product (DMP) would address this recommendation. SSA planned for the DMP to be a “. . . modernized system [that] will enable [SSA] to collect, store, monitor, and report . . . debt activity with confidence, accuracy, and timeliness.” However, SSA put DMP development on hold in FY 2024 because the project did not receive funding.

## **Overpayments Pending Collection for Miscellaneous Reasons**

In a September 2019 audit, we estimated there were approximately 2,600 debtors with overpayments totaling approximately \$35.4 million that SSA had not resolved or initiated or resumed collection for longer than 1 year. This occurred because SSA did not have sufficient controls in place to ensure it resolved these overpayments timely.<sup>4</sup>

### ***OIG Recommendation***

We recommended SSA regularly monitor the debt-management database and build controls into the modernized debt system to ensure employees take appropriate action for overpayments in a due process status.<sup>5</sup>

### ***Status of the Agency's Implementation***

SSA agreed to implement our recommendation but has not done so. SSA anticipated the DMP would address this recommendation. However, SSA put DMP development on hold in FY 2024 because the project did not receive funding.

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<sup>3</sup> SSA, OIG, *Old-Age, Survivors and Disability Insurance Beneficiaries with Overpayments on Suspended and Terminated Records*, A-07-18-50317, pp. 3 and 4 (September 2019).

<sup>4</sup> SSA, OIG, *Overpayments Pending Collection for Miscellaneous Reasons*, A-04-18-50546, p. 3 (September 2019).

<sup>5</sup> SSA, OIG, *Overpayments Pending Collection for Miscellaneous Reasons*, A-04-18-50546, p. 8 (September 2019).

## **Contingently Liable Beneficiaries**

In a May 2019 audit, we reported SSA records erroneously showed 5,720 terminated beneficiaries remained responsible for repayment of \$17.7 million originally overpaid to another debtor. We found SSA should have initiated recovery of these overpayments from the original debtor or another liable beneficiary on the record. Errors occurred because SSA's systems do not prompt staff to remove the balance from terminated beneficiaries and re-establish the debt to the original debtor.<sup>6</sup>

### ***OIG Recommendation***

We recommended SSA establish controls to remove the outstanding debt from terminated contingently liable beneficiaries and transfer the balance to the original debtor for an immediate payment of the overpayment or seek recovery through additional debt collection tools, when available.<sup>7</sup>

### ***Status of the Agency's Implementation***

SSA agreed to implement our recommendation but has not done so. SSA anticipated that the DMP would address this recommendation. However, SSA put DMP development on hold in FY 2024 because the project did not receive funding.

## **Administrative Tolerance Waivers**

In an August 2018 audit, we estimated SSA improperly waived an estimated \$12.6 million in overpayments and inaccurately coded waiver decisions for numerous cases involving the administrative waiver tolerance provision, which allows waivers of overpayments when the total amount of the liability does not exceed \$1,000 and there is no indication the person may be at fault. Systems improvements would limit inappropriate use of the administrative tolerance waiver and inaccurate coding.<sup>8</sup>

### ***OIG Recommendation***

We recommended SSA establish controls in the new DMP that ensure technicians can only use the administrative tolerance waiver for overpayments allowable under the provision.

### ***Status of the Agency's Implementation***

SSA agreed to implement this recommendation but has not done so. SSA put DMP development on hold in FY 2024 because the project did not receive funding.

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<sup>6</sup> SSA, OIG, *Recovery of Old-Age, Survivors and Disability Insurance Overpayments When a Contingently Liable Beneficiary Stops Receiving Benefits*, A-04-18-50651, p. 2 (May 2019).

<sup>7</sup> SSA, OIG, *Recovery of Old-Age, Survivors and Disability Insurance Overpayments When a Contingently Liable Beneficiary Stops Receiving Benefits*, A-04-18-50651, p. 7 (May 2019).

<sup>8</sup> SSA, OIG, *The Social Security Administration's Use of Administrative Tolerance Waivers*, A-04-16-50145, pp. 2 and 3 (August 2018).

## **Manual Adjustments to Old-Age, Survivors, and Disability Insurance Overpayments**

In an April 2018 audit, we projected there were 62,260 incorrect manual adjustments to Old-Age, Survivors, and Disability Insurance overpayments with errors totaling over \$349 million. These errors occurred because employees made incorrect overpayment calculations, incorrect system inputs, improper overpayment removals, and invalid overpayment actions.<sup>9</sup>

### ***OIG Recommendation***

We recommended SSA identify error-prone manual inputs for overpayment adjustments and consider the cost-effectiveness of establishing messages to alert employees of common errors before they complete their inputs.<sup>10</sup>

### ***Status of the Agency's Implementation***

SSA agreed to implement our recommendation but has not done so. In March 2024, SSA responded, “. . . we do not believe it is practical or would add value to establish an alert that identifies common . . . adjustment errors. However, we will evaluate the enhancements planned for DMP to determine if they would sufficiently address the primary errors caused by manual adjustments.” However, SSA put DMP development on hold in FY 2024 because the project did not receive funding.

## **Underpayments Payable to Terminated Beneficiaries**

In a December 2020 audit, we estimated SSA did not issue underpayments to almost 28,000 individuals due approximately \$52 million, locate almost 18,000 individuals eligible for approximately \$90 million in underpayments, and remove or correct erroneous underpayments for over 4,000 beneficiaries totaling almost \$7 million. This occurred because SSA employees manually established underpayments for individuals whose benefits were terminated and SSA systems did not generate alerts after they were established.<sup>11</sup>

### ***OIG Recommendation***

We recommended SSA revise its alerts or clean-up project operation to identify and resolve underpayments for terminated beneficiaries.<sup>12</sup>

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<sup>9</sup> SSA, OIG, *Manual Adjustments to Old-Age, Survivors, and Disability Insurance Overpayments*, A-07-18-50294, pp. 2 and 4 (April 2018).

<sup>10</sup> SSA, OIG, *Manual Adjustments to Old-Age, Survivors, and Disability Insurance Overpayments*, A-07-18-50294, p. 6 (April 2018).

<sup>11</sup> SSA, OIG, *Follow-up on Underpayments Payable to Terminated Old-Age, Survivors and Disability Insurance Beneficiaries*, A-09-19-50848, pp. 2 and 3 (December 2020).

<sup>12</sup> SSA, OIG, *Follow-up on Underpayments Payable to Terminated Old-Age, Survivors and Disability Insurance Beneficiaries*, A-09-19-50848, p. 10 (December 2020).

### ***Status of the Agency's Implementation***

SSA agreed to implement our recommendation but has not done so. As of March 2024, SSA was working on a new alert that it expected to implement by the end of September 2024.

## **Underpayments on Prior Supplemental Security Income Records**

In a June 2019 audit, we projected there were about \$173 million in underpayments on prior Supplemental Security Income records that SSA should have paid recipients, offset against outstanding overpayments, or removed from the records. This occurred because the underpayments were not transferred from terminated records to active records, and SSA's controls to identify these underpayments were not effective.<sup>13</sup>

### ***OIG Recommendation***

We recommended SSA implement a diary alert for all outstanding underpayments on prior Supplemental Security Income records.<sup>14</sup>

### ***Status of the Agency's Implementation***

SSA agreed to implement our recommendation but has not done so. SSA “. . . determined the implementation of a diary alert for outstanding underpayments is not feasible.” However, as of January 2024, SSA was reviewing cases with outstanding underpayments and taking corrective actions. Once completed, SSA will determine its next steps to implement this recommendation.

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<sup>13</sup> SSA, OIG, *Follow-up: Underpayments on Prior Supplemental Security Income Records*, A-07-18-50676, pp. 3 and 6 (June 2019).

<sup>14</sup> SSA, OIG, *Follow-up: Underpayments on Prior Supplemental Security Income Records*, A-07-18-50676, p. 8 (June 2019).



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