





# Office of the Inspector General

SOCIAL SECURITY ADMINISTRATION

## MEMORANDUM

**Date:** May 24, 2024

**Refer to:** 152309

**To:** Martin O'Malley  
Commissioner

**From:** Gail S. Ennis   
Inspector General

**Subject:** The Social Security Administration's Compliance with the Payment Integrity Information Act of 2019 in Fiscal Year 2023

The attached final report presents the results of the Office of Audit's review. The objective was to determine whether the Social Security Administration met all requirements of the *Payment Integrity Information Act of 2019* in the Fiscal Year 2023 Agency Financial Report and accompanying materials.

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

Attachment





## **ABBREVIATIONS**

AFI	Access to Financial Institutions
AFR	Agency Financial Report
CCE	Consolidated Claims Experience
CDR	Continuing Disability Review
C.F.R.	Code of Federal Regulations
DMP	Debt Management Product
Fed. Reg.	Federal Register
FY	Fiscal Year
IP	Improper Payment
IPAS	Improper Payment Alignment Strategy
IPPT	Improper Payments Prevention Team
ISM	In-kind Support and Maintenance
MACADE	Manual Adjustment Credit and Award Data Entry
OASDI	Old-Age, Survivors, and Disability Insurance
OIG	Office of the Inspector General
OMB	Office of Management and Budget
OQR	Office of Quality Review
PIIA	<i>Payment Integrity Information Act of 2019</i>
POMS	Program Operations Manual System
Pub. L. No.	Public Law Number
SGA	Substantial Gainful Activity
SSA	Social Security Administration
SSI	Supplemental Security Income
UP	Unknown Payment
U.S.C.	United States Code
WEP	Windfall Elimination Provision

## OBJECTIVE

Our objective was to determine whether the Social Security Administration (SSA) met all requirements of the *Payment Integrity Information Act of 2019* (PIIA) in the Fiscal Year (FY) 2023 Agency Financial Report (AFR) and accompanying materials.

## BACKGROUND

On March 2, 2020, the President signed PIIA to improve efforts to identify and reduce Government-wide improper payments (IP).<sup>1</sup> Under PIIA, agencies must identify all programs and activities that may be susceptible to significant IPs. Once the agency identifies these programs and activities, it is required to report on actions it has taken, or plans to take, to recover IPs and prevent future IPs.<sup>2</sup> See Appendix A for Agency reporting requirements.

Inspectors General are required to review their respective agencies' IP and high-dollar overpayment reporting requirements. Our compliance review for FY 2023 used a combination of requirements in Office of Management and Budget (OMB) Circulars A-123, Appendix C, *Requirements for Payment Integrity Improvement*,<sup>3</sup> and A-136, *Financial Reporting Requirements*,<sup>4</sup> OMB Annual Data Call Instructions;<sup>5</sup> and the Council of the Inspectors General on Integrity and Efficiency's guidance required under PIIA.<sup>6</sup> Refer to Appendix B for Inspector General reporting responsibilities and Appendix C for our scope and methodology.

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<sup>1</sup> Pub. L. No. 116-117, 134 Stat. 113. PIIA revised the Government's IP reporting requirements by repealing and replacing the *Improper Payments Information Act of 2002*, *Improper Payments Elimination and Recovery Act of 2010*, *IPs Elimination and Recovery Improvement Act of 2012*, and *Fraud Reduction and Data Analytics Act of 2015*.

<sup>2</sup> *Payment Integrity Information Act of 2019*, 31 U.S.C. § 3352(b)(2)(B)(i).

<sup>3</sup> OMB, *Transmittal of Appendix C to OMB Circular A-123, Requirements for Payment Integrity Improvement*, M-21-19 (2021).

<sup>4</sup> OMB, *Financial Reporting Requirements, Circular A-136 Revised* (2023).

<sup>5</sup> OMB annual data call instructions are posted to community.max.gov (restricted access).

<sup>6</sup> Council of the Inspectors General on Integrity and Efficiency, *Guidance for Payment Integrity Information Act Compliance Reviews* (2023).

SSA's Office of Quality Review (OQR) conducts stewardship reviews to examine the non-medical elements in the Old-Age, Survivors, and Disability Insurance (OASDI) and Supplemental Security Income (SSI) programs.<sup>7</sup> The reviews determine the accuracy of benefit entitlement/eligibility and payments made. Each month, OQR selects a statistically valid sample of beneficiaries who received one or more payments during the review period. An OQR employee interviews the selected beneficiary or their representative payee, makes necessary collateral contacts, and re-develops all non-medical factors of entitlement as of the sample month. OMB approved SSA using these reviews to produce a statistically valid estimate of SSA's IPs.<sup>8</sup> IP amounts SSA identifies through its stewardship reviews can fluctuate greatly from year to year. As we stated in our 2020 report, SSA should re-evaluate its use of the stewardship reviews to estimate IPs.<sup>9</sup>

SSA reports the results of its stewardship reviews, in part, in the payment integrity section of its AFR and accompanying materials.<sup>10</sup> In accordance with OMB guidelines, SSA reports IPs that result from: (1) its mistake in computing the payment; (2) its failure to obtain, or act on, available information that affects the payment; (3) a beneficiary's failure to report an event; or (4) a beneficiary's incorrect report.<sup>11</sup> Some stewardship cases have more than one error that causes an incorrect payment. SSA calls each error a deficiency. Data SSA reported in its FY 2023 AFR and accompanying materials were for cases OQR sampled in FY 2022. SSA will not have the FY 2023 data until late FY 2024.

In FY 2019, SSA established the Improper Payment Prevention Team (IPPT) to address IPs.<sup>12</sup> Since FY 2019, the IPPT has developed nine Improper Payment Alignment Strategies (IPAS) to determine the underlying causes of payment errors, develop corrective action plans, and determine cost-effective actions.<sup>13</sup>

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<sup>7</sup> The OASDI program provides benefits to wage earners and their families who meet certain criteria in the event the wage earner retires, becomes disabled, or dies. See 20 C.F.R. part 404. The SSI program provides payments to individuals with limited income and resources who are aged, blind, or disabled. See 20 C.F.R. § 416.110.

<sup>8</sup> SSA, OIG, *The Social Security Administration's Compliance with the Improper Payments Elimination and Recovery Act of 2010 in the Fiscal Year 2011 Performance and Accountability Report*, A-15-12-11244, pp. 7 and 8 (March 2012).

<sup>9</sup> SSA, OIG, *The Social Security Administration's Compliance with the Improper Payments Elimination and Recovery Improvement Act of 2012 in the Fiscal Year 2019 Agency Financial Report*, A-15-19-50842, p. 14 (May 2020).

<sup>10</sup> SSA, *Agency Financial Report Fiscal Year 2023: Payment Integrity* (November 2023).

<sup>11</sup> SSA, *Agency Financial Report Fiscal Year 2023: Payment Integrity*, p. 175 (November 2023).

<sup>12</sup> The Office of Program Integrity is restructuring, and the IPPT will be known as the Improper Payments Prevention Branch.

<sup>13</sup> SSA has finalized nine IPAS: (1) Substantial Gainful Activity (SGA), (2) Financial Accounts, (3) SSI Wages, (4) Non-home Real Property, (5) Absence from the United States, (6) Medical Cessation Processing, (7) Improving Death Data Processing, (8) Government Pension Offset and Windfall Elimination Provision, and (9) In-kind Support and Maintenance (ISM). The IPAS are living documents that SSA updates continually.

## RESULTS OF REVIEW

In FY 2023, SSA complied with 9 of the 10 PIIA reporting requirements. The one PIIA requirement where SSA fell short was that it did not demonstrate improvements to payment integrity or reach a tolerable IP and unknown payment (UP) rate for the OASDI and SSI programs (see Table 1).

**Table 1: SSA’s PIIA Compliance Reporting<sup>14</sup>**

Requirement	OASDI	SSI
Published payment integrity information with the annual financial statement	Compliant	Compliant
Posted the annual financial statement and accompanying materials on the Agency website	Compliant	Compliant
Conducted IP risk assessment for each program with annual outlays greater than \$10 million at least once in the last 3 years	Compliant	Compliant
Adequately concluded whether the program is likely to make IPs and UPs <sup>15</sup> above or below the statutory threshold	Compliant	Compliant
Published IP and UP estimates for programs susceptible to significant IPs in the accompanying materials to the annual financial statement	Compliant	Compliant
Published corrective action plans for each program for which an estimate above the statutory threshold was published in the accompanying materials to the annual financial statement	Compliant	Compliant
Published IP and UP reduction target for each program for which an estimate above the statutory threshold was published in the accompanying materials to the annual financial statement	Compliant	Compliant
Has demonstrated improvements to payment integrity or reached a tolerable IP and UP rate	<b>Noncompliant</b>	<b>Noncompliant</b>
Has developed a plan to meet the IP and UP reduction target	Compliant	Compliant
Reported an IP and UP estimate of less than 10 percent for each program for which an estimate was published in the accompanying materials to the annual financial statement	Compliant	Compliant

<sup>14</sup> OMB, *Transmittal of Appendix C to OMB Circular A-123, Requirements for Payment Integrity Improvement, M-21-19*, part VI, section (C)(5), p. 52 (2021).

<sup>15</sup> Per OMB, if a program cannot discern whether a payment is proper or improper, the payment is considered an unknown payment. OMB, *Transmittal of Appendix C to OMB Circular A-123, Requirements for Payment Integrity Improvement, M-21-19*, part I, section (B), p. 12 (2021).



SSA also timely submitted the OMB-required information used to populate the FY 2023 quarterly Payment Integrity Scorecards, which fulfills the high-dollar overpayment reporting requirements.<sup>16</sup> In addition, SSA completely and accurately provided supporting documentation for material facts and figures presented in its FY 2023 AFR and accompanying information.

## **Compliance Reporting for Improvements to Payment Integrity and Tolerable Rates**

PIIA requires that agencies have demonstrated improvements to payment integrity or reached a tolerable IP and UP rate.<sup>17</sup> In our FY 2022 audit, we determined SSA met this requirement because its IP and UP rates for both the OASDI and SSI programs decreased from FY 2020 to FY 2021. For FY 2023, we concluded SSA is non-compliant because it did not demonstrate improvements to payment integrity when the IP and UP rates for the OASDI and SSI programs increased from FY 2021 to FY 2022.

The purpose of PIIA is to, “improve efforts to identify and reduce government-wide [IPs].”<sup>18</sup> In addition, OMB guidance states, “This Administration will continue to make payment integrity a top priority, focusing on reducing improper payments and protecting taxpayer money a top priority.”<sup>19</sup> While SSA has many initiatives and corrective action plans to reduce IPs, it has not significantly improved IP and UP rates since FY 2018.<sup>20</sup> As shown in Figure 1 the OASDI IP and UP rate increased from 0.28 percent (approximately \$2.65 billion) in FY 2018 to 0.66 percent (approximately \$8.35 billion) in FY 2022.<sup>21</sup> In addition, as shown in Figure 2, the SSI IP and UP rate did not significantly decrease, from 9.70 percent (approximately \$5.53 billion) in FY 2018 to 9.20 percent (approximately \$5.30 billion) in FY 2022.

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<sup>16</sup> Payment Integrity Scorecards describe root causes of IPs and planned mitigation actions as well as track the status of a program’s improvement. *Payment Accuracy*, paymentaccuracy.gov (last visited on March 14, 2024).

<sup>17</sup> The IP and UP rate is defined as “the degree of IPs and UPs measured against the outlays.” OMB, *Transmittal of Appendix C to OMB Circular A-123, Requirements for Payment Integrity Improvement, M-21-19*, p. 64 (2021).

<sup>18</sup> *Payment Integrity Information Act of 2019*, 31 U.S.C. § 3352(b)(2)(B)(i).

<sup>19</sup> OMB, *Transmittal of Appendix C to OMB Circular A-123, Requirements for Payment Integrity Improvement, M-21-19* (2021).

<sup>20</sup> Refer to Appendix D for SSA’s initiatives.

<sup>21</sup> The total outlays used in the calculation for OASDI IPs were approximately \$948 billion in FY 2018 and approximately \$1.27 trillion in FY 2022.



A tolerable IP and UP rate is determined by agency senior management and is defined as “. . . the [IP] and [UP] estimate achieved with a balance of payment integrity risk and [processes to mitigate that risk].” Tolerable rates often include IPs which are unavoidable and beyond the agency’s ability to reduce as well as IPs and UPs which are cost prohibitive or sometimes mission prohibitive for the agency to prevent.<sup>22</sup>

SSA established tolerable rates in July and October 2023 for SSI and OASDI, respectively. Per SSA, “The tolerable rate is the 5-year average of historical performance data of IPs outside of agency control, and therefore the tolerable rate is subject to change year to year.” For FY 2023 PIIA compliance reporting, neither program met the established tolerable rates. Regarding the OASDI and SSI programs not reaching SSA’s tolerable rates, SSA stated:

The [A]gency has established a tolerable rate that encompasses [IPs] outside of our control. Due to the size and complexity of the program, the tolerable rate does not include [IPs] that are within [A]gency control that would be cost or mission prohibitive to mitigate. Rather, we will consider the cost or mission prohibitive tolerable rate concept along with available cost benefit analysis in our decision-making process, including when making information technology investments. Despite having established a tolerable rate, we will continue to pursue cost-effective initiatives that have the potential to reduce the [IP] rate; the complexity of the program; and our reliance on beneficiary and representative payees self-reporting.

## **Overpayments Caused by Financial Accounts**

A leading cause of overpayments in the SSI program is resources recipients have in financial accounts.<sup>23</sup> To address this, 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.<sup>24</sup> Between FYs 2018 and 2022, overpayments related to financial accounts averaged approximately \$1.5 billion, refer to Figure 3.

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<sup>22</sup> OMB, *Transmittal of Appendix C to OMB Circular A-123, Requirements for Payment Integrity Improvement*, M-21-19, p. 74 (2021).

<sup>23</sup> SSA, *Fiscal Year 2022 Title XVI Payment Accuracy Report*, p. 2 (May 2023).

<sup>24</sup> A redetermination reviews a recipient’s non-medical eligibility factors (income, resources, and living arrangements) to determine whether the recipient is still eligible for, and receiving, the correct SSI payment. SSA, *POMS*, SI 02305.001, A (September 5, 2019).



the initial application and redeterminations.<sup>29</sup> In May 2023, we recommended SSA conduct a study to expand AFI searches between the SSI initial application and subsequent eligibility redeterminations. As of the date of this review, SSA had not implemented this recommendation.<sup>30</sup> SSA stated, “The Office of Analytics and Improvements plans to conduct analysis to help inform potential benefits of using AFI between initial claims and redeterminations. We anticipate beginning this work in the third quarter of [FY] 2024.”

In response to our draft report, SSA provided the following:

We acknowledge our actions to address financial account deficiencies have not significantly reduced [IPs]. Tools such as [AFI] have increased the identification of financial account resources in the absence of recipient or representative payee self-reporting. Self-reporting is more advantageous than AFI which will often identify [IPs] for prior months before any future prevention may occur. We have taken several steps to improve self-reporting including outreach to advocates and third parties as well as publishing a blog using behavioral insights to inform the public about the importance of telling us about financial accounts.<sup>31</sup>

As in prior years, we maintain SSA needs to implement new, or expand existing, corrective actions to address improper payments. SSA should continue exploring the liquid resource tolerance reduction from \$400 to \$0 as well as reducing the barriers to using AFI between initial claims and redeterminations.

## Overpayments Caused by Earnings

According to SSA, wage discrepancies are a leading cause of [IPs] in the SSI program.<sup>32</sup> Wage discrepancies occur when a recipient or their deemor<sup>33</sup> has actual wages that differ from those SSA used to calculate the SSI payment. SSA has developed three wage reporting systems to mitigate [IPs] based on wage discrepancies:

1. In FY 2008, SSA implemented the SSI Telephone Wage Reporting System to allow recipients, representative payees, and deemors to report prior monthly gross wages.
2. In August 2013, SSA implemented SSI Mobile Wage Reporting.
3. In June 2018, SSA implemented online wage reporting for SSI recipients.

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<sup>29</sup> We calculated this estimate using information from SSA’s *Fiscal Year 2022 Title XVI Payment Accuracy Report*, p. 10 (May 2023).

<sup>30</sup> SSA, OIG, *The Social Security Administration’s Compliance with the Improper Payments Elimination and Recovery Improvement Act of 2012 in the Fiscal Year 2022 Agency Financial Report*, A-15-22-51183, p. 12 (May 2023).

<sup>31</sup> See Appendix D for initiatives on promoting self-reporting.

<sup>32</sup> SSA, *Agency Financial Report Fiscal Year 2023: Payment Integrity*, p. 174 (November 2023).

<sup>33</sup> A deemor is an individual, such as an SSI recipient’s ineligible spouse or parent, whose income and resources SSA considers when it determines a recipient’s SSI eligibility or payment amount. SSA, *POMS*, SI 01310.127 (April 13, 1999).











SSA provided the following explanation for why the relationship and dependency as well as the computations deficiency dollars increased:

We pay approximately \$1.4 trillion in benefits to more than 71 million people each year. Although our payment accuracy rates are high, we do identify a small number of overpayments based on the number of people we serve, the frequent changes in their circumstances, and the statutory complexity of the programs. We calculate annual payment accuracy rates from a review of a statistically valid sample of cases which is then projected to represent the entire SSA beneficiary population. Based on our findings, we project estimated [IP] amounts across total benefits paid. As noted, because our overpayment accuracy rate for [OASDI] (99.49 percent) is so high, there are only a very small number of cases with payment error. When the sample includes a case with a substantial overpayment, it can affect the projected amount when extrapolated to the national level. That is what happened in FY 2022, affecting the increase in total projected overpayments. While we report this annual information, it is important to look at trends over a longer period.

We asked SSA if there were any initiatives in progress for the relationship and dependency major cause. SSA provided the following response:

We are currently looking for opportunities to remind the public to report changes that could affect their eligibility, specifically changes in their marital status and relationship. We developed an SSA TV slide on the importance of reporting and the impact of beneficiary relationship changes to OASDI benefit payments. The SSA TV slide began airing in field office reception areas on February 29, 2024. Additionally, we plan to publish a blog on the importance of reporting marital status and its impact on [IPs] and publicize the information through a monthly information packet and via SSA's social media outlets.

We asked SSA if there are plans to establish an IPAS for relationship and dependency. SSA stated the following:

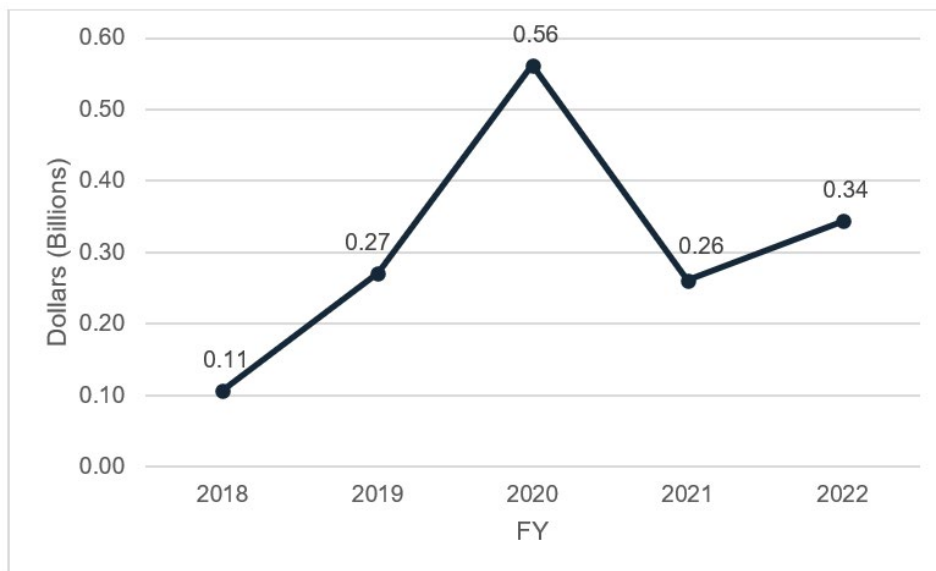
IPAS is the process that we use to obtain agency wide engagement and agreement on actions needed to remedy [IP] issues. We have focused our IPAS topics on the leading causes that have historically been the major sources of [IPs] in our programs. As this is the only year relationship has been one of the top causes, we do not have plans to draft an IPAS on Relationship and Dependency deficiencies at this time. Currently, we are drafting a new IPAS on computational deficiencies.

As this is the first year relationship and dependency was a leading cause of overpayments, SSA should continue monitoring changes in overpayment deficiency dollars.

## Overpayments Caused by Computations

In FY 2023, SSA reported that one of the leading causes of overpayments in the OASDI program was computations. Inaccurate information or administrative mistakes can cause errors in benefit calculations.<sup>45</sup> Overpayments related to computations fluctuated from FY 2018 to FY 2022, as shown in Figure 8.

**Figure 8: OASDI Computations Overpayment Deficiency Dollars (FYs 2018 Through 2022)<sup>46</sup>**



For FYs 2018 to 2022, the three leading causes of computational deficiencies that resulted in overpayments were: the windfall elimination provision (WEP);<sup>47</sup> primary insurance amount computations, and multi-entitlement computations.<sup>48</sup> During this period, WEP accounted for approximately \$661 million (43 percent) of the computation overpayments for the OASDI program. In May 2022, we reported SSA was conducting a study to identify OASDI beneficiaries whose benefits were not adjusted for WEP or Government Pension Offset but who had 1 or more years of non-covered earnings from an employer associated with beneficiaries whose benefits were subject to WEP or Government Pension Offset.<sup>49</sup> In the results to the study, SSA stated, “the accuracy rate was 96.7 percent for WEP cases and 86.6 percent for

<sup>45</sup> SSA, *Agency Financial Report Fiscal Year 2023: Payment Integrity*, p. 178 (November 2023).

<sup>46</sup> See Footnote 35.

<sup>47</sup> WEP can affect how SSA calculates a retirement or disability benefit. If a beneficiary works for an employer that does not withhold Social Security taxes from their salary, any pension they get from that employer can reduce Social Security benefits. SSA, *Windfall Elimination Provision, Publication No. 05-10045* (2024).

<sup>48</sup> SSA, *Fiscal Year 2022 Title II Payment Accuracy Report*, pp. 9 and 10 (August 2023).

<sup>49</sup> SSA, OIG, *The Social Security Administration’s Compliance with the Payment Integrity Information Act of 2019 in Fiscal Year 2021, A-15-21-51121*, p. 12 (May 2022).

[Government Pension Offset] cases.” The study recommended a system enhancement for claimants having 5 years or more of non-covered earnings.

SSA is drafting its IPAS for computations. SSA should continue finalizing the computations IPAS that will identify initiatives to reduce IPs and determine whether its existing initiatives are effective in reducing IPs in the OASDI program.

## **Office of the Inspector General Oversight**

We are overseeing the SSI and OASDI programs through various audits. In FY 2023, we issued 43 reports that identified over \$1.3 billion in questioned costs and over \$564 million in Federal funds that could be put to better use. In November 2023, we reported SSA faced major challenges in improving the prevention, detection, and recovery of IPs.<sup>50</sup> See Appendix D for our FY 2023 reports related to improving the prevention, detection, and recovery of IPs.

## **CONCLUSION**

While SSA has made progress implementing corrective actions to address IPs, it still has work to do. SSA must be a responsible steward of the funds entrusted to its care by minimizing the risk of making IPs and recovering overpayments when they occur. SSA is responsible for issuing over \$1.4 trillion in benefit payments annually. Even the slightest error in the overall payment process can result in millions of dollars in IPs. Preventing IPs is more advantageous than recovering them since the Agency has to expend additional resources to recover the overpayments or process additional payments to rectify underpayments.

## **RECOMMENDATION**

We recommend SSA finalize the IP alignment strategy for OASDI computations overpayment deficiency dollars.

## **AGENCY COMMENTS**

SSA agreed with our recommendation; see Appendix F.

## **OTHER MATTERS**

SSA relies on its stewardship reviews to calculate IP rates. According to SSA, “The size of the stewardship sample provides statistically reliable data on the overall payment accuracy of SSI payments issued in a specific [FY]; however, the annual sample is not large enough to provide statistically reliable information about deficiencies for a given year.” In prior reports, we stated SSA should re-evaluate its use of the stewardship reviews to estimate IPs.<sup>51</sup>

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<sup>50</sup> SSA, OIG, *The Social Security Administration’s Major Management and Performance Challenges During Fiscal Year 2023*, 022330 (November 2023).

<sup>51</sup> SSA, OIG, *The Social Security Administration’s Compliance with the Improper Payments Elimination and Recovery Improvement Act of 2012 in the Fiscal Year 2019 Agency Financial Report*, A-15-19-50842, p. 14 (May 2020).

SSA is establishing the Debt Management Product (DMP). At initial release, the DMP will not contain functionality to delineate overpayments from those that are unavoidable overpayments, which are not considered IPs because statutes, regulations, or court orders require that the Agency make these payments.<sup>52</sup> In our FY 2022 report, we stated SSA should consider how it can design the DMP to support IP reporting. SSA provided the following update:

We do not believe the [DMP] should be used to identify [IPs] compared to the statistically valid estimates that the stewardship reviews provide. During stewardship reviews, OQR reviews each case, interviews the beneficiary or representative payee, and redevelops all non-medical factors of eligibility as of the sample month. Because the sample size is statistically valid, OQR is able to then project results for the entire universe for the entire year. In contrast, the [DMP] will only capture *confirmed* overpayments identified by our debt management system and would overlook [IPs] that the stewardship review would discover. Although DMP may be able to produce [Management Information] data on *actual* overpayments, it will not provide insights into the OQR findings, meet the OMB payment integrity data call reporting requirements, or capture information on underpayments. We consider the stewardship review to be a more accurate measure to quantify [IPs].

Additionally, due to agency funding, our debt management modernization effort has been placed on hold for FY 2024. Also, in October 2023, the [Acting Commissioner of Social Security] ordered an [A]gency-level review of SSA's overpayment procedures, policies, and systems. As a result of these actions, we will work with [A]gency leadership and stakeholders to determine a new timeline for future debt management modernization efforts.

Since the DMP is on hold for FY 2024, SSA should consider how it could be designed to support IP reporting.



Michelle L. Anderson  
Assistant Inspector General for Audit

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<sup>52</sup> Per SSA, unavoidable payments are those resulting from legal or policy requirements. The Agency does not consider these payments to be improper.

# ***APPENDICES***

## Appendix A – AGENCY REPORTING REQUIREMENTS

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Office of Management and Budget (OMB) Circular A-136 outlines the information agencies are required to address in their annual *Agency Financial Report* or *Performance and Accountability Reports*. This information includes actions taken to address audit recovery recommendations.<sup>1</sup> OMB guidance defines significant improper payments as either exceeding \$10 million and 1.5 percent of the program's total annual outlays or exceeding \$100 million, regardless of the associated percent of the program's total outlays.<sup>2</sup> For each program and activity identified as at risk for significant improper payments, SSA is required to use an OMB-approved estimate methodology to produce a statistically valid estimate of the improper payments and include those estimates in the materials that accompany the Agency's annual financial statements.<sup>3</sup>

### Annual Data Call

Beginning in Fiscal Year (FY) 2020, information previously required by OMB Circular A-136<sup>4</sup> is reported on the payment accuracy website<sup>5</sup> through the OMB payment integrity annual data call.<sup>6</sup> OMB uses the data call information to populate the information posted on [paymentaccuracy.gov](https://paymentaccuracy.gov). The data call instructions require that agencies complete a survey for agency compliance with the *Payment Integrity Information Act of 2019*, fraud, do not pay initiatives, recovery activities/audits, and program-level questions for each program with significant improper payments.

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<sup>1</sup> OMB, *Financial Reporting Requirements, Circular A-136 Revised*, section II.4.5 pp. 114 and 115 (2023).

<sup>2</sup> OMB, *Transmittal of Appendix C to OMB Circular A-123, Requirements for Payment Integrity Improvement, M-21-19*, part II, section (C)(1), p. 19 (2021).

<sup>3</sup> OMB, *Transmittal of Appendix C to OMB Circular A-123, Requirements for Payment Integrity Improvement, M-21-19*, part II, section (B)(2), pp. 17 and 18 (2021).

<sup>4</sup> OMB, *Financial Reporting Requirements, Circular A-136 Revised*, section II.4.5 pp. 114 and 115 (2023).

<sup>5</sup> *Payment Accuracy*, [paymentaccuracy.gov](https://paymentaccuracy.gov) (last visited on March 14, 2024).

<sup>6</sup> OMB Annual Data Call instructions are posted to [community.max.gov](https://community.max.gov) (restricted access).

## Quarterly Scorecards

Each quarter, high-priority programs must provide information through a mechanism determined by OMB. OMB determined this information would be provided through quarterly surveys, and the collected information will be published quarterly in a Payment Integrity Scorecard on [paymentaccuracy.gov](https://paymentaccuracy.gov). This published information will fulfill the High Dollar Overpayment Reporting Requirements<sup>7</sup> and the High-Priority Program Reporting Requirements.<sup>8</sup> The quarterly survey questions require that agencies report the following:

- a description of the program;
- the status of each of the program's milestones;
- the expected completion date for each milestone;
- the leading root causes of improper payments, the mitigation strategies to develop and address the root causes, and the impact of the mitigation strategies;
- the top two goals for the quarter, the progress of them, and the expected completion date of the goal;
- the top three accomplishments and completion dates; and
- actions taken to recover overpayments.

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<sup>7</sup> Reducing Improper Payments, Executive Order 13520 of November 20, 2009, 74 Fed. Reg. 62,201, p. 62,203 (November 25, 2009).

<sup>8</sup> OMB, *Transmittal of Appendix C to OMB Circular A-123, Requirements for Payment Integrity Improvement, M-21-19*, part VII, section (B)(1), p. 56 (2021).



## Appendix B – INSPECTOR GENERAL REPORTING RESPONSIBILITIES

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Our compliance review for Fiscal Year (FY) 2023 used a combination of requirements in Office of Management and Budget (OMB) Circulars A-123, Appendix C, *Requirements for Payment Integrity Improvement*,<sup>1</sup> and A-136 *Financial Reporting Requirements*;<sup>2</sup> OMB Annual Data Call Instructions;<sup>3</sup> OMB Quarterly Surveys;<sup>4</sup> and the Council of the Inspectors General on Integrity and Efficiency’s guidance required under the *Payment Integrity Information Act of 2019* (PIIA).<sup>5</sup>

OMB guidance specifies that each agency’s Inspector General review the improper payment information in its annual *Agency Financial Report* or *Performance and Accountability Report* and accompanying materials<sup>6</sup> to determine whether the agency complied with PIIA.<sup>7</sup> According to OMB, compliance with PIIA means the agency has:

1. published payment integrity information with the annual financial statement;
2. posted the annual financial statement and accompanying materials on the agency website;
3. conducted an improper payment (IP) risk assessment for each program with annual outlays greater than \$10,000,000 in at least 1 of the last 3 years;
4. adequately concluded whether the program is likely to make IPs and Unknown Payments (UP) above or below the statutory threshold;
5. published IP and UP estimates for programs susceptible to significant IPs and UPs in the accompanying materials to the annual financial statement;
6. published corrective action plans for each program for which an estimate above the statutory threshold was published in the accompanying materials to the annual financial statement;
7. published IP and UP reduction target for each program for which an estimate above the statutory threshold was published in the accompanying materials to the annual financial statement;

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<sup>1</sup> OMB, *Transmittal of Appendix C to OMB Circular A-123, Requirements for Payment Integrity Improvement, M-21-19*, (2021).

<sup>2</sup> OMB, *Financial Reporting Requirements, Circular A-136 Revised* (2023).

<sup>3</sup> OMB Annual Data Call instructions are posted to [community.max.gov](https://community.max.gov) (restricted access).

<sup>4</sup> OMB, *Program Scorecards*, [paymentaccuracy.gov](https://paymentaccuracy.gov) (last visited on March 14, 2024).

<sup>5</sup> Council of the Inspectors General on Integrity and Efficiency, *Guidance for Payment Integrity Information Act Compliance Reviews* (2023).

<sup>6</sup> Accompanying materials include information provided by SSA through the annual data calls and quarterly surveys to OMB that is used to populate information on [paymentaccuracy.gov](https://paymentaccuracy.gov), including quarterly program scorecards, annual IP datasets and the annual IPs dashboard.

<sup>7</sup> *Payment Integrity Information Act of 2019*, 31 U.S.C. §§ 3351-3353.

8. demonstrated improvements to payment integrity or reached a tolerable IP and UP rate;
9. developed a plan to meet the IP and UP reduction target; and
10. reported an IP and UP estimate of less than 10 percent for each program for which an estimate was published in the accompanying materials to the annual financial statement.

Per OMB, if an agency does not meet one or more of these requirements, it is not compliant with PIIA.<sup>8</sup>

## Quarterly Scorecards

Per OMB, each agency's Inspector General shall assess the information provided on the agency's quarterly scorecards published on [paymentaccuracy.gov](https://paymentaccuracy.gov) and determine the extent of Inspector General oversight warranted to prevent monetary loss IPs. In addition, based on the information provided on the quarterly scorecards, the Inspector General may provide the agency head with concrete and actionable recommendations for modifying the agency's plans to recover monetary loss IPs as well as any actions the agency intends to take to prevent IPs and UPs from occurring in the future.

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<sup>8</sup> OMB, *Transmittal of Appendix C to OMB Circular A-123, Requirements for Payment Integrity Improvement*, M-21-19, Part VI, section (A), pp. 43 through 49 (2021).

## Appendix C – SCOPE AND METHODOLOGY

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To accomplish our objective, we:

- Reviewed the *Payment Integrity Information Act of 2019* (PIIA);<sup>1</sup> Office of Management and Budget (OMB) Circulars A-123, Appendix C, *Requirements for Payment Integrity Improvement*,<sup>2</sup> and A-136, *Financial Reporting Requirements*;<sup>3</sup> OMB Annual Data Call Instructions;<sup>4</sup> and Council of the Inspectors General on Integrity and Efficiency’s guidance<sup>5</sup> to ensure compliance with all requirements of PIIA.
- Reviewed the payment integrity section in the Social Security Administration’s (SSA) Fiscal Year (FY) 2023 *Agency Financial Report* and FY 2023 accompanying materials, which include information SSA provides through quarterly surveys and annual data calls to OMB that is used to populate information on [paymentaccuracy.gov](https://paymentaccuracy.gov). Information on [paymentaccuracy.gov](https://paymentaccuracy.gov) includes quarterly program scorecards, annual improper payment datasets, and the annual improper payments dashboard.
- Reviewed applicable Federal laws and regulations and SSA’s *Program Operations Manual System*.
- Requested and analyzed source data from SSA’s Office of Budget, Finance, and Management to support material figures and statements in the Agency Financial Report and accompanying materials for accuracy and completeness.
- Reviewed meeting minutes for the Improper Payments Oversight Board and Associate Commissioner Improper Payments Roundtable.
- Reviewed the Improper Payments Prevention Team’s monthly initiatives at a glance and Improper Payment Alignment Strategies.

We conducted our audit from October 2023 through April 2024. The primary SSA entity audited was the Office of Budget, Finance, and Management. We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

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<sup>1</sup> *Payment Integrity Information Act of 2019*, 31 U.S.C. 3351 note.

<sup>2</sup> OMB, *Transmittal of Appendix C to OMB Circular A-123, Requirements for Payment Integrity Improvement, M-21-19*, (2021).

<sup>3</sup> OMB, *Financial Reporting Requirements, Circular A-136 Revised* (2023).

<sup>4</sup> OMB Annual Data Call instructions are posted to [community.max.gov](https://community.max.gov) (restricted access).

<sup>5</sup> Council of the Inspectors General on Integrity and Efficiency, *Guidance for Payment Integrity Information Act Compliance Reviews* (2023).

Using the information we obtained from SSA and documentation we reviewed, we determined the computerized data we used during our audit were sufficiently reliable given our objectives and the intended use of the data should not lead to incorrect or unintentional conclusions.

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

- Component 1: Control Environment
  - Principle 2: Exercise oversight responsibility
  - Principle 3: Establish structure, responsibility, and authority
- Component 2: Risk Assessment
  - Principle 7: Identify, analyze, and respond to risk
  - Principle 9: Analyze and respond to change
- Component 3: Control Activities
  - Principle 10: Design control activities
- Component 4: Information and Communication
  - Principle 13: Use quality information
  - Principle 14: Communicate internally
  - Principle 15: Communicate externally
- Component 5: Monitoring
  - Principle 16: Perform monitoring activities

## Appendix D – THE SOCIAL SECURITY ADMINISTRATION’S INITIATIVES

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SSA has provided the following narrative on its initiatives in progress for improper payments:

- **The Technician Experience Dashboard** – provides a holistic customer view, transaction history, and modernized path for inputs, which saves time and improves accuracy. The Technician Experience Dashboard was rolled out to the Boston Region in June 2023 and expanded to all field offices and Workload Support Units in February 2024.
- **Continuing Disability Review (CDR) Product** – Plans are underway to modernize the system technicians use to process CDRs based on work activity. The new system will be policy-driven and eliminate current system limitations to help streamline the disability review process and will have a positive impact in reducing substantial gainful activity improper payments.
- **The Consolidated Claims Experience (CCE)** – SSA plans for this modern consolidated user interface to decrease training time, streamline the process for the user, and ultimately enable the Agency to phase out several legacy systems. CCE includes initial claims intake processing, and post-entitlement/post-eligibility activities. CCE will automate more computations, reduce manual actions, and assist technicians with identifying potential benefits for claimants or recipients to prevent missed entitlements. As of the date of this review, only the Supplemental Security Income (SSI) claim is available in CCE, with additional claim types (Old-Age, Survivors, and Disability Insurance and Medicare) to be added in future releases.
- **Robotic Process Automation (Bot)** – SSA is using robotics software to improve business processes and eliminate manual actions. At the processing centers, Bots are available to technicians to assist with processing manual awards or post entitlement actions. SSA has Bots in production to reduce keystrokes and manual coding and detect exceptions and alerts before they occur in the following ways:
  - protect the benefit authorizer from entering a Manual Adjustment Credit and Award Data Entry (MACADE) action that may cause a common exception or alert;
  - set-up actions to repay returned checks accurately via MACADE;
  - process simple initial claims actions by using the Automated 101 process that creates data input into MACADE that is required to process the claim; and
  - process overpayment and other remittance exception cases.
- In July 2023, the Office of Electronic Services and Technology released a Bot that processes cases of potential windfall offset where there was no SSI involved and therefore no offset. Past-due Social Security disability benefits are being withheld for these cases, and this Bot enables the Agency to get benefits to some of its most vulnerable individuals much sooner. The Bot can be run in batch mode to process many cases at a time.

- The Work Number Aggregator Bot, introduced in August 2023, assists technicians who process CDRs. It takes the information from The Work Number and inputs into eWork so the technicians do not have to copy the information manually from one site to the other. This gets the data into our system much faster and accurately so SSA can be confident in the results of CDRs.
- A MACADE Bot geared specifically for the type of work processed by the Division of International Operations is in the testing phase. This Bot will allow Processing Center 8 to benefit from the increased MACADE accuracy the Bots provide.
- **PolicyNet** is the SSA authoritative vehicle for delivering program policy and procedural instructions. If funding is available, 21<sup>st</sup> Century PolicyNet will replace PolicyNet, the 20+ year-old software platform that contains multiple applications and hosts tens of thousands of pages of policy instruction. The overall goals of 21<sup>st</sup> Century PolicyNet are an improved user experience, process efficiencies for the author, publisher, and researcher role, as well as improving searching capabilities, including the use of intelligent search.
- **Various Policy/Processing Reminders Related to Computations Released** – SSA has issued policy and processing reminders and updates relating to family maximum computations, workers compensation settlements, and a benefit computations tool.
- **Use of Behavioral Insights in External Communications**
  - In August 2023, SSA emailed Dear Colleague Letters to the advocate community and other third-party organizations to help us reach more people who depend on our services. SSA asked for their assistance in reminding SSI recipients of reporting changes in circumstances that may affect their payments. SSA also published an Advocates article, “Reminder: Supplemental Security Income Reporting Responsibilities,” about common Title XVI changes that need to be reported.
  - The Agency developed an SSA TV slide on the importance of reporting and the impact of beneficiary relationship changes to OASDI benefit payments. The SSA TV slide began airing in field office reception areas on February 29, 2024.
  - The Agency published a Social Security Matters blog post, “Why It’s Important to Tell Us About Your Financial Accounts,” on April 11, 2024. The post regards financial accounts reporting and the impact to improper payments.

## Appendix E – FISCAL YEAR 2023 OFFICE OF THE INSPECTOR GENERAL REPORTS

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The following Office of the Inspector General reports were related to improving the prevention, detection, and recovery of improper payments.

- *Allegation of Representative Payees' Misuse of Benefits*, [A-09-19-50797](#) (September 2023)
- *Government Pension Data for the Windfall Elimination Provision and Government Pension Offset Determinations*, [A-13-20-50970](#) (September 2023)
- *Windfall Offset Determinations*, [A-09-18-50697](#) (September 2023)
- *Manually Processed Old-Age, Survivors and Disability Insurance Benefit Termination Actions*, [A-07-21-51043](#) (September 2023)
- *Follow-up Review of Self-employment Earnings Removed from the Master Earnings File*, [A-06-21-51020](#) (September 2023)
- *The Social Security Administration's Determinations of Supplemental Security Income Recipients' Trusts*, [A-02-21-51026](#) (September 2023)
- *Workers' Compensation Lump-sum Settlements*, [012308](#) (September 2023)
- *Dedicated Accounts for Supplemental Security Income Recipients*, [A-04-21-51031](#) (September 2023)
- *State Workers' Compensation and Public Disability Benefits' Reverse Offset Plans' Impact on the Disability Insurance Trust Fund*, [A-02-19-50867](#) (September 2023)
- *The Social Security Administration's Controls over Modernized Development Worksheets*, [A-02-22-51157](#) (September 2023)
- *The Social Security Administration's Determinations of Supplemental Security Income Recipients' Real Properties*, [022328](#) (September 2023)
- *Manual Processes for Resource-intensive Workloads*, [A-07-19-50882](#) (July 2023)
- *Processing New Waiver Requests After a Previous Request Was Denied*, [A-08-21-51100](#) (May 2023)

## Appendix F– AGENCY COMMENTS

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### SOCIAL SECURITY

#### MEMORANDUM

Date: May 14, 2024

Refer To: TQA-1

To: Gail S. Ennis  
Inspector General

From: Dustin Brown   
Acting Chief of Staff

Subject: Office of the Inspector General Draft Report “The Social Security Administration’s Compliance with the Payment Integrity Information Act of 2019 in Fiscal Year 2023” (152309) – INFORMATION

Thank you for the opportunity to review the draft report. We agree with the recommendation. We have taken notable actions by establishing the improper payment (IP) and unknown payment tolerable rate, developing new mitigation strategies, and expanding corrective action plans. We will continue our efforts to target the highest areas of IP and continue to request regulatory and legislative changes to simplify our program rules to decrease improper payments in our programs.

Please let me know if I can be of further assistance. You may direct staff inquiries to Trae Sommer at (410) 965-9102.





**Mission:**

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

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