



Office of the Inspector General

SOCIAL SECURITY ADMINISTRATION

Informational Report

Data Files Provided to the Internal Revenue Service as Part of the Third Round of Economic Impact Payments

A-06-21-51095 | September 2022



Office of the Inspector General

SOCIAL SECURITY ADMINISTRATION

MEMORANDUM

Date: September 9, 2022

Refer To: A-06-21-51095

To: Kilolo Kijakazi
Acting Commissioner

From: Gail S. Ennis, 
Inspector General

Subject: Data Files Provided to the Internal Revenue Service as Part of the Third Round of Economic Impact Payments

The attached final report presents the results of the Office of Audit's review. We completed the review to determine the extent to which the data files the Social Security Administration provided the Internal Revenue Service to facilitate economic impact payments under the *American Rescue Plan Act of 2021* were accurate and complete when they were transmitted.

If you wish to discuss the final report, please contact Michelle L. Anderson, Assistant Inspector General for Audit.

Attachment

Data Files Provided to the Internal Revenue Service as Part of the Third Round of Economic Impact Payments A-06-21-51095



September 2022

Office of Audit Report Summary

Background

We conducted this review to determine the extent to which the data files the Social Security Administration (SSA) provided the Internal Revenue Service (IRS) to facilitate economic impact payments (EIP) under the *American Rescue Plan Act of 2021 (ARPA)* were accurate and complete when they were transmitted.

ARPA became law on March 11, 2021 and authorized a third round of IRS-administered EIPs (EIP3). To assist in identifying Old-age, Survivors and Disability Insurance (OASDI) beneficiaries and Supplemental Security Income (SSI) recipients potentially eligible for EIP3s, the IRS requested SSA provide beneficiary and recipient data.

On March 25, 2021, SSA completed delivery of OASDI and SSI production data that provided IRS with information on approximately 72 million beneficiaries and recipients.

Conclusion

The data files SSA sent IRS were not always complete or accurate.

- SSA's methodology for identifying beneficiaries who received payments in Calendar Year (CY) 2020 or 2021 resulted in the erroneous (1) exclusion of information for 73,541 beneficiaries who received OASDI payments in CYs 2020 and/or 2021 and (2) inclusion of information for 308,603 OASDI beneficiaries who did not receive an OASDI payment in CY 2020 or 2021.
- SSA also erroneously included information on approximately 177,000 beneficiaries and recipients who died before January 1, 2021 and were not likely eligible for payments.
- Finally, SSA included 4,173,293 individuals' information 2 or more times in the data files provided to the IRS, including instances where duplicate records included different residential address or bank account information for the same individual.

We did not have access to the IRS' EIP3 payment information. As a result, we could not determine whether these errors resulted in any duplicate payments, non-payment to eligible individuals, deposits into incorrect bank accounts, or mailing of paper checks to incorrect addresses. While we are not making any recommendations, we believe the information discussed in this report may be useful to prevent similar errors if SSA is required to provide similar information in the future.

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ABBREVIATIONS

<i>ARPA</i>	<i>The American Rescue Plan Act of 2021</i>
CY	Calendar Year
DED/ADD	Deductions and Additions
EIP	Economic Impact Payment
EIP3	Third Round of Economic Impact Payments
IRS	Internal Revenue Service
MBR	Master Beneficiary Record
MOU	Memorandum of Understanding
OASDI	Old-age, Survivors and Disability Insurance
OIG	Office of the Inspector General
POMS	Program Operations Manual System
SSA	Social Security Administration
SSI	Supplemental Security Income
SSN	Social Security Number
U.S.C.	United States Code

BACKGROUND

We conducted this review to determine the extent to which the data files the Social Security Administration (SSA) provided the Internal Revenue Service (IRS) to facilitate economic impact payments (EIP) under the *American Rescue Plan Act of 2021 (ARPA)* were accurate and complete when they were transmitted. We completed a separate review to address concerns that the timing of SSA's provision of beneficiary and recipient data to the IRS delayed issuance of the EIPs.¹

American Rescue Plan Act of 2021

ARPA became law on March 11, 2021 and authorized a third round of IRS-administered EIPs (EIP3). *ARPA* authorized one-time \$1,400 payments (\$2,800 for married couples who file a joint tax return) plus \$1,400 for each qualifying dependent with a valid Social Security number (SSN) who was not claimed as another taxpayer's dependent and had adjusted gross income below prescribed limits.² To assist in identifying Old-age, Survivors and Disability Insurance (OASDI) beneficiaries and Supplemental Security Income (SSI) recipients potentially eligible for EIP3s, the IRS requested SSA provide beneficiary and recipient data.

Memorandum of Understanding

SSA and the IRS signed a Memorandum of Understanding (MOU) on March 17, 2021 to set forth the parties' agreement regarding the content and delivery of SSA's OASDI and SSI data to IRS. The MOU established roles, responsibilities, and mutual understanding of the IRS' use of the SSA data. The MOU also set forth the terms under which the IRS would reimburse SSA for the work it performed under the MOU.

Under the terms of the MOU, SSA created and transmitted eight files of SSA data (four specific to OASDI beneficiaries and four specific to SSI recipients) in a format the IRS requested. These files, as of the production file run date, were to contain records on individuals who received an OASDI or SSI payment at any time in Calendar Years (CY) 2020 or 2021, whether single payment or recurring and included representative payees. Per the MOU, SSA would exclude from either the OASDI or SSI file, records on individuals receiving more than one type of payment from SSA (for example, individuals receiving both SSI payments and OASDI benefits, or individuals entitled to OASDI under more than one wage earner's record).

¹ SSA, OIG, *Beneficiary and Recipient Data Provided to Support Issuance of Economic Impact Payments Authorized by the American Rescue Plan Act of 2021, A-06-21-51061*, December 2021.

² Payments were not sent to married couples whose adjusted gross income exceeded \$160,000, heads of household whose income exceeded \$120,000, or other eligible individuals whose income exceeded \$80,000.

Data Files the Agency Sent to the Internal Revenue Service

SSA sent to the IRS the OASDI files on March 24, 2021 and SSI files on March 25, 2021. Table 1 summarizes information SSA included in the data files.

Table 1: Summary of SSA's EIP Files Sent to IRS

File Number	Number of Records		
1	61,301,276	60,238,936	OASDI domestic address without a representative payee
2	5,573,250	5,416,504	OASDI domestic address with a representative payee
3	590,129	583,192	OASDI foreign address without a representative payee
4	27,452	25,766 ⁴	OASDI foreign address with a representative payee
5	5,398,840	5,398,840	SSI domestic address without a representative payee
6	3,145,589	3,145,589	SSI domestic address with a representative payee
7	201	201	SSI foreign address without a representative payee
8	27	27 ⁵	SSI foreign address with a representative payee
Total	76,036,764	74,809,055	

RESULTS OF REVIEW

Information Erroneously Excluded or Included

SSA's methodology for identifying beneficiaries who received payments in CY 2020 or 2021 resulted in the erroneous (1) exclusion of information for 73,541 beneficiaries who received OASDI payments in CY 2020 and/or 2021 and (2) inclusion of information for 308,603 beneficiaries who did not receive an OASDI payment in CY 2020 or 2021.⁶

Under the MOU, when creating the data files as of the production file run date, SSA was to include records on individuals who received an OASDI or SSI payment at any time in CY 2020 or 2021, whether single payment or recurring, and include those made to a representative payee. SSA based the identification of OASDI beneficiaries on information appearing in the Deductions and Additions (DED/ADD) segment of the Master Beneficiary Record (MBR). However, the DED/ADD segment, when used on its own, was not always a reliable source to

³ There were 71,711,725 unique SSNs in all EIP files combined.

⁴ OASDI EIP files had 67,492,107 records with 66,251,909 unique SSNs. There was no SSN for 72,365 records. There were 3,084,613 OASDI beneficiaries whose SSNs were also in the SSI EIP data, also known as concurrent beneficiaries.

⁵ SSI EIP files had 8,544,657 records with 8,544,429 unique SSNs, which includes concurrent beneficiaries. All records in the SSI data had an SSN.

⁶ The 382,144 individuals equaled approximately 0.53 percent of the 71,711,725 individuals whose information SSA provided to the IRS.

accurately identify beneficiaries eligible for EIP3s. To illustrate, the data files SSA provided to IRS:

- Erroneously excluded information on 73,541 beneficiaries who received OASDI payments in CY 2020 and/or 2021. This occurred primarily because these individuals' benefits were less than Medicare premiums SSA withheld from their payments; therefore, the beneficiaries' net payments equaled \$0. In these instances, SSA systems did not include DED/ADD segments on their MBRs. Because SSA only included in the IRS data files information for beneficiaries with DED/ADD segments on their MBRs, these beneficiaries were inadvertently excluded. We provided examples to SSA subject matter experts who acknowledged the beneficiaries' information should have been included in the data files.
- Erroneously included information on 308,603 beneficiaries who did not receive OASDI payments in CY 2020 or 2021. For undetermined reasons, these beneficiaries' payment records included DED/ADD segments for CY 2020 and/or 2021. However, as illustrated in Table 2, none of these beneficiaries actually received OASDI benefits in CY 2020 or 2021.

Table 2: Beneficiaries SSA Erroneously Included in IRS Data Files Who Had Not Received OASDI Payments in CY 2020 or 2021

Last Year SSA Actually Issued the Beneficiary an OASDI Payment	Number of Beneficiaries
1960 through 1969	250
1970 through 1979	36,986
1980 through 1989	95,244
1990 through 1990	61,797
2000 through 2009	50,340
2010 through 2019	63,986
Total	308,603

Erroneous exclusion of beneficiary information increased the risk that IRS did not issue EIP3s to eligible beneficiaries.⁷ Erroneous inclusion of beneficiary information, while contrary to the MOU, did not appear to increase the risk of improper payments, as the individuals may have otherwise been eligible⁸ to receive an EIP3.

⁷ We could not determine whether the IRS issued EIP3s to any of these individuals. However, the IRS had other sources of information (for example, a Department of Veterans Affairs data match, tax return filings, EIP non-filer tool) to allow it to identify individuals eligible for payments.

⁸ Eligibility generally included individuals and qualified dependents with valid SSNs and adjusted gross income below prescribed limits.

Deceased Individuals' Information in the Data Files

SSA included information on 175,869 OASDI beneficiaries⁹ and 1,329 SSI-only recipients¹⁰ who died before January 1, 2021 in the data files transmitted to the IRS.¹¹ Individuals who died before January 1, 2021 generally were not eligible for an EIP3.¹² Though the MOU did not provide criteria pertaining to deceased individuals, in email correspondence with SSA officials, the then Commissioner of Social Security directed SSA to exclude deceased individuals' information from the EIP data.

SSA erroneously included deceased individuals' information in the EIP3 files because SSA used death information from its payment records to determine whether individuals were deceased, rather than more comprehensive death information in the Numident and SSA's full file of death information.¹³

- SSA screened for deceased OASDI beneficiaries based exclusively on death information on the MBR for beneficiaries with payment status code T1 (death of beneficiary).¹⁴ However, SSA systems do not always input death information on a beneficiary's payment record that it previously terminated for reasons other than death. For example, SSA uses payment status codes, such as T8 (terminated because beneficiary is no longer disabled), T3 (terminated because of divorce, marriage, or remarriage), and T0 (terminated because benefits are payable by another agency).
- SSA screened for deceased SSI recipients based exclusively on death information on the Supplement Security Record. However, in a relatively small number of cases, when SSA created the data files it had received the recipients' death information and recorded it on the Numident but had not recorded the death information on their Supplement Security Records.

Inclusion of deceased beneficiaries and recipients in the data files provided to the IRS increased the risk of issuing EIPs to ineligible individuals. We did not determine whether the IRS issued EIP3s to any of the deceased beneficiaries or recipients, but we note that SSA provides the IRS with its full file of death information. We provided the Treasury Inspector General for Tax Administration¹⁵ information on all 177,198 deceased beneficiaries.

⁹ Of the 175,869 deceased individuals, 84 received both OASDI benefits and SSI payments and appeared in the SSI EIP files.

¹⁰ In September 2020, we notified SSA that SSI recipient data it provided to the IRS to facilitate EIPs authorized by the *Coronavirus Aid, Relief, and Economic Security Act*, erroneously included 189 deceased SSI recipients whose death information SSA recorded on the Numident between December 1987 and April 20, 2020. SSA erroneously included information on 21 of the 189 recipients in the data files it sent IRS to facilitate EIPs under *ARPA*.

¹¹ The 177,198 deceased individuals were approximately 0.25 percent of the 71,711,725 individuals whose information SSA provided to the IRS.

¹² 26 U.S.C. § 6428B(g)(2)(B)(i).

¹³ SSA records numberholders' death information on the Numident and creates the full file of death information based on Numident death information. The dates of death for these individuals were present in the full file of death information at the time SSA transmitted the files to the IRS.

¹⁴ SSA *POMS*, HI 01005.806 (March 15, 1999).

¹⁵ The Treasury Inspector General for Tax Administration is responsible for overseeing activities related to the payment of EIPs under *ARPA*.

Millions of Duplicate Records in the Data Files

As illustrated in Table 3, SSA included 4,173,293 individuals' information 2 or more times in the data files provided to the IRS.¹⁶ The MOU directed SSA to exclude from either the OASDI or SSI files records on individuals receiving more than one type of benefit payment from SSA. SSA should have sent only one record per person to the IRS.

Table 3: Individuals' Information Duplicated in EIP3 Data Files

Number of Times the Same SSN Appeared in Data Files	Number of SSNs	Number of Records
2	4,095,422	8,190,844
3	76,373	229,119
4	1,487	5,948
5	10	50
6	1	6
Total	4,173,293	8,425,967

Our review of EIP data files identified instances where duplicate records included a different residential address or bank account information for the same individual. For example, SSA included a beneficiary's information in the EIP files five times. The beneficiary's five records listed three different bank accounts and four different mailing addresses. Only one of those records had the current bank account and mailing address; however, SSA did not inform the IRS which record contained the individual's current information. Table 4 illustrates the different bank account and mailing address information in these five records SSA sent the IRS.

Table 4: Summary of 5 Records Belonging to the Same Beneficiary

EIP Record	Bank Account	Mailing Address
1	No Bank Account	Old Address 1
2	Current Bank Account	Current Address
3	No Bank Account	Current Address
4	Old Bank Account 1	Old Address 2
5	Old Bank Account 2	Old Address 3

According to SSA officials, this occurred because SSA had to create and provide the data files under an extremely tight deadline. SSA understood that creating the EIP files under these circumstances would result in some errors. However, SSA officials stated they were informed the IRS had an existing internal matching process to prevent duplicate payments to these individuals.

¹⁶ The 4,173,293 individuals were approximately 6 percent of the 71,711,725 individuals whose information SSA provided to the IRS.

According to IRS officials, perfecting the SSA files was a time-consuming process. When SSA provided duplicate records, the IRS used the first record it identified to determine eligibility and issue the EIP3, if applicable. The IRS deleted any additional records for the same individual. If the IRS did not identify and delete any duplicate records, or selected a record with old data, SSA's inclusion of duplicate records increased the potential for the IRS to deposit EIP3s into incorrect bank accounts or send EIP3 paper checks to incorrect mailing addresses.

CONCLUSION

The EIP files SSA sent the IRS to facilitate payments under *ARPA* were not always complete or accurate. Data files SSA provided the IRS erroneously excluded information on more than 73,000 beneficiaries who received SSA payments in CYs 2020 and/or 2021. Contrary to the terms in the MOU, SSA provided information on more than 308,000 OASDI beneficiaries who did not receive payments in CY 2020 or 2021. SSA also included information on approximately 177,000 individuals who died before 2021 and provided duplicate records for more than 4,000,000 beneficiaries and recipients.

We did not have access to the IRS' EIP3 payment information. As a result, we could not determine whether these errors resulted in duplicate payments, non-payment to eligible individuals, deposits into incorrect bank accounts, or paper checks mailed to incorrect addresses. While we are not making any recommendations, we believe the information discussed in this report may be useful to prevent similar errors if SSA is required to provide similar information in the future.

AGENCY COMMENTS

SSA provided formal comments stating it had no comments on the report. The full text of SSA's comments is included in Appendix B.



Michelle L. Anderson
Assistant Inspector General for Audit

APPENDICES

Appendix A –SCOPE AND METHODOLOGY

To accomplish our review, we:

- Reviewed applicable Federal laws and regulations; the Social Security Administration’s (SSA) policies and procedures; and prior Office of the Inspector General reports.
- Obtained a copy of the eight data files SSA provided to the Internal Revenue Service (IRS) to support the Economic Impact Payments (EIP) issued under the *American Rescue Plan of 2021*. SSA’s data comprised four Old-age, Survivors and Disability Insurance (OASDI) files and four Supplemental Security Income (SSI) files. All files combined contained 76,036,764 records for 71,711,725 individuals, with each record containing the name, Social Security number, bank account information, and mailing address from the payment record.
- Gained an understanding of the criteria in the Memorandum of Understanding for SSA’s delivery of EIP data to the IRS.
- Met with IRS officials to obtain an understanding of IRS’ perspective of the collaboration with SSA as it related to the third round of EIPs.
- Obtained SSA’s data design documents and communicated with SSA’s subject matter experts to understand SSA’s preparation of the EIP data files.
- Analyzed SSA’s files. We:
 - Created OASDI and SSI data files using the same criteria SSA used to develop the files. We compared our files to SSA’s files and analyzed similarities and differences.
 - Compared the files to SSA’s full file of death information¹ to identify deceased individuals in their files.
 - Summarized SSA’s EIP files by Social Security number to identify any number appearing more than once.

We conducted our review in Dallas, Texas, from August 2021 to May 2022.

¹ The full file of death information we used for comparison was updated with dates of death through March 5, 2021.

Appendix B –AGENCY COMMENTS



SOCIAL SECURITY

MEMORANDUM

Date: September 1, 2022

Refer To: TQA-1

To: Gail S. Ennis
Inspector General

From: Scott Frey 
Chief of Staff

Subject: Office of the Inspector General Draft Informational Report “Data Files Provided to the Internal Revenue Service as Part of the Third Round of Economic Impact Payments” (A-06-21-51095)
— INFORMATION

Thank you for the opportunity to review the draft report. We have no comments.

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



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