



Office of the Inspector General
SOCIAL SECURITY ADMINISTRATION

Audit Report

Windfall Offset Determinations

A-09-18-50697 September 2023



Office of the Inspector General

SOCIAL SECURITY ADMINISTRATION

MEMORANDUM

Date: September 27, 2023

Refer to: A-09-18-50697

To: Kilolo Kijakazi
Acting Commissioner

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

Subject: Windfall Offset Determinations

The attached final report presents the results of the Office of Audit's review. The objective was to determine whether the Social Security Administration properly processed windfall offset determinations.

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

Attachment

Windfall Offset Determinations

A-09-18-50697



September 2023

Office of Audit Report Summary

Objective

To determine whether the Social Security Administration (SSA) properly processed windfall offset determinations.

Background

The windfall offset provision prevents beneficiaries from receiving more Old-Age, Survivors and Disability Insurance (OASDI) benefits and Supplemental Security Income (SSI) payments than they would have been due had the OASDI benefits been paid in the months they were due rather than retroactively.

When beneficiaries are entitled to, and eligible for, OASDI benefits and SSI payments for the same months, SSA temporarily withholds OASDI benefits pending a windfall offset determination.

In response to our prior audits, SSA planned to implement new alerts and automated controls to ensure its employees accurately process windfall offset determinations. However, SSA deferred this initiative and had not developed a new timeline for its completion.

We identified 795,462 beneficiaries for whom SSA processed windfall offset determinations, or withheld benefits pending windfall offset determinations, between April 2016 and February 2021. We randomly selected 250 beneficiaries for our review.

Results

Of the 250 beneficiaries in our sample, SSA properly processed windfall offset determinations for 240 (96 percent) and improperly processed the windfall offset determinations for 10 (4 percent). As a result, SSA improperly paid or withheld \$18,897 in OASDI benefits. In addition, SSA took longer than 90 days to process the windfall offset determination actions for 39 of the 250 sample beneficiaries.

The errors occurred because SSA (1) employees did not use correct information in the windfall offset calculation; (2) employees deleted or did not record a Windfall Offset Data (WOD) line on the payment record; or (3) systems did not have an alert to address cases with a windfall offset determination pending but no WOD line on the Master Beneficiary Record (MBR).

Recommendations

We recommend SSA:

1. Complete or correct the windfall offset determinations for the 10 beneficiaries identified in our audit and release any benefits due or initiate recovery of overpaid benefits.
2. Implement two new alerts to identify OASDI benefits being withheld pending a windfall offset determination over 12 months that do not have a WOD line on the MBR.
3. Implement automated controls to ensure SSA employees establish a WOD line on the MBR when they withhold OASDI benefits pending a windfall offset determination.
4. Establish a performance service indicator to address the windfall offset workload.

SSA agreed with our recommendations.

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ABBREVIATIONS

C.F.R.	Code of Federal Regulations
FY	Fiscal Year
MBR	Master Beneficiary Record
OASDI	Old-Age, Survivors and Disability Insurance
OIG	Office of the Inspector General
POMS	Program Operations Manual System
RETAP	Regular Transcript Attainment and Selection Pass
SSA	Social Security Administration
SSI	Supplemental Security Income
SSR	Supplemental Security Record
U.S.C.	United States Code
WOD	Windfall Offset Data

OBJECTIVE

Our objective was to determine whether the Social Security Administration (SSA) properly processed windfall offset determinations.

BACKGROUND

The Old-Age, Survivors and Disability Insurance (OASDI) program provides benefits to retired and disabled workers, including their dependents and survivors.¹ The Supplemental Security Income (SSI) program provides payments to individuals who are aged, blind, or disabled and have income and resources below specific limits.² SSA counts OASDI benefits as income when it determines SSI eligibility and payment amounts.³ The windfall offset provision prevents beneficiaries from receiving more OASDI benefits and SSI payments than they would have been due had the OASDI benefits been paid in the months they were due rather than retroactively.⁴ Windfall offset may apply when there is an indication a beneficiary is concurrently entitled to OASDI benefits and SSI payments for a retroactive period.⁵

When SSA determines a beneficiary is retroactively entitled to OASDI benefits and eligible for SSI payments for the same months, SSA issues the SSI payments but temporarily withholds OASDI benefits pending a windfall offset determination to prevent overpayments. The windfall offset provision requires that SSA calculate an offset to reduce retroactive OASDI benefits by any SSI payments that would not have been paid had the OASDI benefits been paid in the months due rather than retroactively.⁶

For example, starting in April 2022, a disabled beneficiary was entitled to, and eligible for, OASDI benefits and SSI payments. SSA began making SSI payments immediately and withheld OASDI benefits for potential windfall offset.⁷ In June 2022, SSA withheld \$800 in retroactive OASDI benefits and determined the windfall offset amount was \$500, which represented the SSI payments SSA would not have paid had the OASDI benefits been paid when due. SSA reduced the retroactive OASDI benefits by \$500 and released the remaining \$300 to the beneficiary.

¹ 42 U.S.C. §§ 401-402.

² 42 U.S.C. §§ 1381-1382.

³ SSA, *POMS*, SI 00830.010.B.1 (November 18, 1996).

⁴ 42 U.S.C. §1320a-6 and 20 C.F.R. § 404.408b.

⁵ SSA, *POMS*, GN 02610.010.A (February 10, 2015) and SSA, *POMS*, GN 02610.005.A (August 16, 2023).

⁶ SSA, *POMS*, GN 02610.005.A (August, 16 2023).

⁷ SSA pays SSI first to ensure a claimant retains eligibility for Medicaid benefits. SSA, *POMS*, GN 02610.018.A (August 16, 2023).

Some claimants may appoint attorneys or non-attorney representatives to represent them in SSA proceedings. These representatives may charge fees for their services.⁸ When SSA employees calculate the windfall offset amounts, they must deduct the representatives' fees from the offset calculations.⁹ SSA pays the beneficiaries the retroactive benefits to which they are entitled, less the offset amounts and, if applicable, representative fees.¹⁰

A Windfall Offset Data (WOD) line on the Master Beneficiary Record (MBR) displays information for offset cases and must be recorded on the MBR for SSA to process a windfall offset determination.¹¹ In most instances, the WOD line is automatically established on the MBR during the benefit entitlement determination process. However, because of system limitations, the WOD line cannot be established automatically for some complex cases, such as a conversion from retirement insurance benefits to disability insurance benefits or re-entitlement to benefits (for example, a child beneficiary becomes re-entitled as a student). When this occurs, an SSA employee must manually establish the WOD line on the MBR.

SSA's Regular Transcript Attainment and Selection Pass (RETAP) system produces a Windfall Offset Computation Pending alert based on the WOD information on the MBR, which notifies employees when a windfall offset determination has been pending for 90 days after the windfall period ended.¹² RETAP generates a follow-up alert every 3 months until an employee processes the windfall offset. When an employee receives the alert, the employee must take action to process the windfall offset determination. If there is no WOD line on the MBR, RETAP will not alert employees to process the windfall offset determination.¹³

Prior Audits

In a November 2011 audit, we found SSA needed to improve controls to ensure it accurately paid OASDI benefits that it previously withheld pending windfall offset determinations.¹⁴ We estimated SSA: (1) did not process windfall offset determinations for approximately 35,398 beneficiaries and therefore withheld approximately \$232 million in OASDI benefits payable to the beneficiaries and (2) incorrectly processed windfall determinations for approximately 17,067 beneficiaries, which resulted in \$51.5 million in OASDI benefits improperly withheld or overpaid.

⁸ SSA, *POMS*, GN 03920.001.A (August 31, 2009).

⁹ SSA, *POMS*, GN 02610.053.A.2 (May 15, 2023).

¹⁰ SSA, *POMS*, SI 02006.001.B (November 21, 1996) and SI 02006.200.A.1 and C.1 (January 10, 2018).

¹¹ The WOD line includes information on whether windfall offset provisions are applied or are not applicable, the windfall start and end dates, windfall offset amount, total OASDI benefits payable, and amount of retroactive benefits not subject to windfall offset and payable to the beneficiary.

¹² The windfall end date is the month after the first OASDI current monthly payment to the beneficiary or, if no OASDI payment was made, it is 2 months after the last month in which the retroactive OASDI benefits would have been paid when due. SSA, *POMS*, GN 02610.022.A (August 16, 2023).

¹³ The WOD line will not appear on the MBR if an employee does not establish or deletes the WOD line during manual processing.

¹⁴ SSA OIG, [Old-Age, Survivors and Disability Insurance Benefits Withheld Pending Supplemental Security Income Windfall Offset](#), A-09-11-11130 (November 2011).

In a March 2016 audit, we continued to find SSA needed to improve controls to ensure it accurately paid OASDI benefits it withheld pending a windfall offset determination.¹⁵ We estimated SSA did not (1) process windfall offset determinations for approximately 13,141 beneficiaries and therefore withheld approximately \$71.9 million in OASDI benefits payable to the beneficiaries and (2) take corrective actions for 50.6 percent of the beneficiaries we identified during our 2011 audit.

In response to our prior audits, SSA stated it completed windfall offset determinations for the beneficiaries we sampled in our audits; would determine whether there was a cost-effective method to address the remaining population of cases in the 2011 audit; and would develop an action plan to address the remaining beneficiaries in the 2016 audit.

In May 2012, SSA stated it provided employee training sessions on advanced windfall offset topics and techniques. In May 2016, SSA stated it updated the Modernized Claim System to improve OASDI processing time and reduce the chances for coding errors. Additionally, SSA stated it plans to implement the following to ensure SSA employees accurately process windfall offset determinations (1) create two new RETAP alerts to identify OASDI benefits being withheld pending windfall offset determinations for more than 12 months and do not have a WOD line on the MBR; and (2) implement automated controls to ensure SSA employees establish a WOD line on the MBR when they withhold OASDI benefits pending windfall offset determinations. However, in February 2022, SSA informed us it deferred this initiative and had not developed a new timeline for its completion. Finally, in August 2020, SSA released a new system edit screen to prevent SSA employees from inputting an incorrect windfall offset period start date.

See Appendix B for additional details about the recommendations in our prior reports and the Agency's actions to implement them.

Scope and Methodology

We identified 795,462 living beneficiaries for whom SSA processed windfall offset determinations, or withheld benefits pending windfall offset determinations, between April 2016 and February 2021. We selected a random sample of 250 beneficiaries for review.¹⁶ (For additional information about our scope and methodology, see Appendix A.)

¹⁵ SSA OIG, [Old-Age, Survivors and Disability Insurance Benefits Withheld Pending a Windfall Offset Determination, A-09-15-15041](#) (March 2016).

¹⁶ For our 2011 and 2016 audits, we reviewed beneficiaries whose retroactive benefits SSA withheld pending windfall offset determinations. For this audit, we included beneficiaries for whom SSA processed windfall offset determinations (in addition to beneficiaries whose benefits SSA withheld pending determinations). Because of the criteria we used to identify our population, we did not select all windfall offset cases. Consequently, we do not assert—and the reader should not infer—that our population represented all windfall offset cases.

RESULTS OF REVIEW

Of the 250 beneficiaries in our sample, SSA properly processed the windfall offset determinations for 240 (96 percent). However, SSA improperly processed the windfall offset determinations for 10 (4 percent) and improperly paid or withheld \$18,897 in OASDI benefits.¹⁷ In addition, SSA took longer than 90 days to process the windfall offset determination actions for 39 of the 250 sample beneficiaries.

Improperly Processed Windfall Offset Determinations

Of the 250 beneficiaries in our sample, SSA incorrectly processed windfall offset determinations for 8 and did not complete windfall offset determinations for 2. As a result, SSA improperly paid \$9,629 and improperly withheld \$9,268 in OASDI benefits.

Incorrect Information Used to Calculate Windfall Offset

SSA incorrectly processed windfall offset determinations for eight beneficiaries, which resulted in \$9,629 in improper payments. Specifically, SSA underpaid five beneficiaries a total of \$3,140 and overpaid three a total of \$6,489. This occurred because SSA employees used incorrect information in the windfall offset calculations:

- For three beneficiaries, SSA employees did not adjust the OASDI retroactive benefits by the representative fees before they performed the windfall offset calculations.
- For three beneficiaries, SSA employees deducted incorrect representative fees from the retroactive OASDI benefits before they applied windfall offset.
- For one beneficiary, an SSA employee used an incorrect windfall offset period in the offset calculation.
- For one beneficiary, an SSA employee used an incorrect monthly benefit amount in the windfall offset calculation.

For example, in December 2020, SSA withheld \$9,798 in retroactive OASDI benefits from a beneficiary for June through November 2020 until the Agency made a windfall offset determination. The beneficiary's representative was owed a fee. In May 2021, an SSA employee processed the \$3,132 windfall offset without accounting for the representative fee. Had the employee included the representative fee in the calculation, the windfall offset would have been \$2,610. As a result, the beneficiary was underpaid \$522. As of July 2023, SSA had not taken eaction to issue the underpayment to the beneficiary.

¹⁷ In April 2022, we provided SSA 10 of our sample beneficiaries whose records required corrective action. As of July 2023, SSA had not taken corrective action for the 10 records.

Incomplete Windfall Offset Determinations

SSA withheld retroactive OASDI benefits from two beneficiaries for potential windfall offset but did not process and complete their windfall offset determinations. As a result, SSA improperly withheld \$9,268 in OASDI benefits these beneficiaries were entitled to receive. For each beneficiary, SSA withheld benefits for 5.3 years and 2.6 years, respectively. This occurred because SSA employees deleted or did not record a WOD line on the MBR. The WOD line must be present on the MBR for an offset case to be processed.

Since there was no WOD line on the MBR, RETAP did not alert employees to process the windfall offset determination. For example, in December 2020, SSA withheld from a disabled beneficiary \$8,800 in retroactive OASDI benefits for February through November 2020 pending a windfall offset determination. In January 2021, an SSA employee determined windfall offset was not applicable, and the \$8,800 the Agency had withheld was payable to the beneficiary. The employee deleted the WOD line from the MBR but failed to release the withheld benefits. As a result, SSA's system did not alert employees to take corrective action. As of July 2023, 959 days had elapsed and SSA had not released the benefits due the beneficiary.

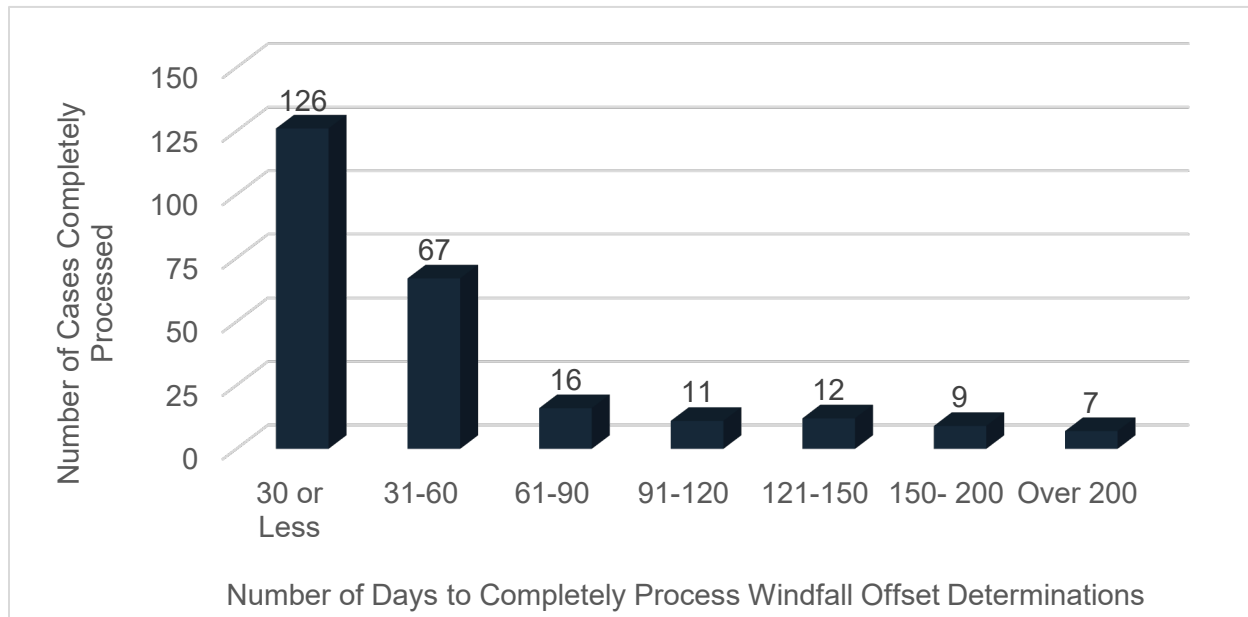
In response to our 2016 audit, SSA stated it planned to create two new RETAP alerts to address this issue. However, in February 2022, SSA stated it delayed the project and it had not developed a new timeline to complete it. Had SSA created the alerts, its employees would have been notified to review and resolve the two beneficiaries in our sample who had OASDI benefits withheld pending windfall offset.

Time Frame to Complete Windfall Offset Determinations

According to SSA's Fiscal Year (FY) 2021 Operating Plan, no more than 10 percent of SSI windfall offset cases should be pending longer than 90 days or no more than 1 case should be pending over 90 days if there are fewer than 10 total pending cases. SSA suspended this performance measure in the FY 2022 Operating Plan due to the COVID-19 pandemic. SSA stated it will take time to establish a future business model with supporting policy and technology that will enable it to operate efficiently in the new environment. SSA also stated, "Employees and their Managers should regularly monitor workloads for timeliness and accuracy, which are underpinnings of quality customer service."

SSA's processing times for the 248 cases in our sample for which the Agency processed windfall offset determinations are summarized in Figure 1.

Figure 1: Number of Days to Complete Windfall Offset Determinations



We found 39 cases were pending longer than 90 days before SSA employees processed them. SSA took at least 91 days and as long as 363 days to process the windfall offset determination. Of the 39 beneficiaries, SSA took longer than 90 days to pay 37 beneficiaries \$239,106 in retroactive benefits that the Agency previously withheld. The remaining two beneficiaries were not owed any additional benefits because their retroactive benefits were fully offset by the SSI payments they received.

SSA stated that complex cases (for example, cases involving dual entitlement or awaiting representative fee petition approval) required more time to process. According to SSA, employees record reasons for processing delays in SSA's systems. For the 39 cases SSA took longer than 90 days to process, we found evidence to justify the delayed processing for 9 but found no evidence to justify delayed processing for 30 cases.

SSA's systems generated alerts for 26 of the 39 cases. For the 26 cases, SSA took an average of 64 days to process the windfall offset after an alert was generated. For the remaining 13 cases, we could not determine whether SSA generated alerts, as it generally retains alerts for 120 days, and retention of any alerts would have expired by the time we conducted this audit.¹⁸ The longer SSA takes to process the cases, the longer the beneficiary waits to receive the benefits they are owed. Withholding benefit payments for longer than 90 days could have a significant impact or financial hardship for beneficiaries who rely and depend on the benefits.

¹⁸ Without documentation for the 13 cases, we could not confirm whether alerts were actually generated. As a result, we could not determine whether the system failed to generate an alert, or an SSA employee failed to take action when the alerts were generated.

CONCLUSION

Although SSA properly processed most of the windfall offset determinations in our sample, SSA should still improve its processes to help ensure the Agency properly pays beneficiaries the benefits they are entitled to receive as soon as possible.

RECOMMENDATIONS

We recommend that SSA:

1. Complete or correct the windfall offset determinations for the 10 beneficiaries identified in our audit and release any benefits due or initiate recovery of overpaid benefits.
2. Implement two new alerts to identify OASDI benefits being withheld pending a windfall offset determination over 12 months that do not have a WOD line on the MBR.¹⁹
3. Implement automated controls to ensure SSA employees establish a WOD line on the MBR when they withhold OASDI benefits pending a windfall offset determination.²⁰
4. Establish a performance service indicator to address the windfall offset workload.

AGENCY COMMENTS

SSA agreed with our recommendations. The Agency's comments are included in Appendix C.



Michelle L. Anderson
Assistant Inspector General for Audit

¹⁹ SSA stated it would implement two new alerts in response to our 2016 audit recommendations, SSA OIG, [Old-Age, Survivors and Disability Insurance Benefits Withheld Pending a Windfall Offset Determination, A-09-15-15041](#) (March 2016). However, in February 2022, SSA deferred implementation and had not determined when it would implement the recommendations.

²⁰ SSA stated it would implement automated controls in response to our 2016 audit recommendations, SSA OIG, [Old-Age, Survivors and Disability Insurance Benefits Withheld Pending a Windfall Offset Determination, A-09-15-15041](#) (March 2016). However, in February 2022, SSA deferred implementation and had not determined when it would implement the recommendations.

APPENDICES

Appendix A – SCOPE AND METHODOLOGY

To accomplish our objective, we:

- reviewed the applicable sections of the *Social Security Act*, the *United States Code*, the *Code of Federal Regulations*, and SSA's *Program Operations Manual System*;
- corresponded with Social Security Administration (SSA) employees from the Offices of Operations, Systems, and Retirement and Disability Policy;
- reviewed queries from SSA's Master Beneficiary Record (MBR), Supplemental Security Record, and Payment History Update System for each sample item; and
- reviewed SSA's Paperless, Online Retrieval System, Evidence Portal, and eComputations Systems to determine the windfall offset processing actions SSA had taken.

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

- Component 3: Control Activities
 - Principle 10: Design control activities
 - Principle 12: Implement control activities

From SSA's MBR, we obtained a data extract of beneficiaries who either had a Windfall Offset Data line or had windfall offset in the MBR history with a Reason for Suspension or termination code of WINFAL. Using this information, we identified 795,462 living beneficiaries for whom SSA processed windfall offset determinations, or withheld retroactive benefits pending windfall offset determinations, between April 2016 and February 2021.

Our population excludes records: (1) without a Social Security number; (2) with a Windfall Offset Data code indicating windfall offset is not applicable; and (3) involved in the *Steigerwald v. Berryhill* litigation.¹ Therefore, we did not select all windfall offset cases. Consequently, we do not assert—and the reader should not infer—that our population represented all windfall offset cases.

¹ In the *Steigerwald v. Berryhill* class action lawsuit, a Federal court ruled that SSA did not properly account for representatives' fees when calculating past-due benefit payments to individuals who were awarded both Old-Age, Survivors and Disability Insurance and Supplemental Security Income. As a result, SSA had to complete recalculations for approximately 130,000 cases by January 25, 2021.

To conduct this review, we used a simple random sample statistical approach. This is a standard statistical approach used to create a sample from a population completely at random. As a result, each sample item had an equal chance of being selected throughout the sampling process, and the selection of one item had no impact on the selection of other items. Therefore, we were guaranteed to choose a sample that represented the population, absent human biases. From 795,462 beneficiaries, we selected a random sample of 250 for review.

We assessed the reliability of the computer-processed data from the MBR by performing electronic testing and reviewing existing information about the data and the system that produced them. We also traced a statistically random sample of data to source documents. We determined the data were sufficiently reliable for the purposes of this report.

We conducted our audit work from April 2021 to August 2023. The entity audited was the Office of the Deputy Commissioner for Operations. We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

Appendix B – PRIOR AUDITS

[Old-Age, Survivors and Disability Insurance Benefits Withheld Pending a Windfall Offset Determination \(A-09-15-15041\) March 2016](#)

Audit Findings

Since our November 2011 audit, we continued to find the Social Security Administration (SSA) needed to improve controls to ensure it accurately and timely paid Old-Age, Survivors and Disability Insurance (OASDI) benefits withheld pending a windfall offset determination. Based on our random sample, we estimated SSA: (1) did not process windfall offset determinations for approximately 13,141 beneficiaries and therefore withheld approximately \$71.9 million in OASDI benefits payable to the beneficiaries and (2) did not timely process windfall offset determinations for approximately 19,587 beneficiaries and pay approximately \$195.2 million in OASDI benefits. In addition, SSA incorrectly processed windfall offset determinations for five beneficiaries and resulted in \$12,775 in OASDI benefits improperly withheld. Finally, we found SSA did not take corrective actions for 50.6 percent of the beneficiaries we identified during our 2011 audit.

Audit Recommendations

1. Take appropriate action to complete the windfall offset determinations and pay the withheld OASDI benefits for the 58 beneficiaries whose offset actions were not processed or incorrectly processed, as identified by our audit.

SSA agreed to implement our recommendation stating, “By July 29, 2016, we will take the appropriate action to complete the windfall offset determinations for the 58 beneficiaries.” As of September 2016, SSA stated it had resolved the cases and considered this recommendation implemented.

2. Evaluate the results of its actions for the 58 beneficiaries and take appropriate action to address the remaining population of 61,734 beneficiaries identified during the current audit.

SSA agreed to implement our recommendation stating “By August 31, 2016, we will develop an action plan for working the remaining population of 61,734 beneficiaries.” As of August 2020, SSA stated that over 50,000 of the 61,734 beneficiaries had their offset determinations processed and benefits paid, and approximately 11,000 cases were still outstanding and required action. In January 2022, SSA stated it completed the cases. As of March 2022, SSA considered this recommendation implemented.

3. Take appropriate action to address the population of 26,558 beneficiaries identified during our 2011 audit.

SSA agreed to implement our recommendation stating, “By November 30, 2016, we will evaluate whether there is a cost-effective method, such as using automation, to address these cases.” As of November 2020, SSA stated it excluded cases that were part of the *Steigerwald v. Berryhill* litigation and cases that were processed through the normal course of business. This resulted in 14,404 remaining cases and SSA stated it completed all necessary actions. As of November 2020, SSA considered this recommendation implemented.

4. Periodically identify and select for review beneficiaries whose OASDI benefits are being withheld pending a windfall offset determination.

SSA agreed to implement our recommendation. SSA stated, "By June 2016, we plan to take action to add criteria to our current [Regular Transcript Attainment and Selection Pass (RETAP)] alerts to identify OASDI benefits being withheld pending a windfall offset determination." As of March 2021, SSA stated that, as part of SSA's Information Technology Modernization investment, it will create two new RETAP alerts to address benefits suspended with a windfall history pending over 12 months that do not have a windfall offset data line present. At that time, SSA stated it expected to implement these new alerts in Fiscal Year 2022.

In February 2022, SSA informed us the creation of the two new RETAP alerts, which was part of the Processing Center Automation Initiative FY 2022 roadmap, had been deferred. SSA stated it had not developed a new timeline for completion of the initiatives. According to SSA, once the recommendation makes it to an IT roadmap, it will be funded and implemented. Therefore, as of March 2022, SSA considered this recommendation closed even though it had not been implemented.

5. Improve automated controls to ensure SSA employees establish a windfall offset data line on the Master Beneficiary Record when they withhold OASDI benefits pending a windfall offset determination.

SSA agreed to implement our recommendation. SSA stated, "By December 2016, we will develop a plan to improve automated controls." As of March 2021, SSA stated it included the recommended function in the PC Automation Initiative and would implement the multiple windfall offset data lines functionality in over 13 applications in FY 2022.

In February 2022, SSA informed us the implementation of multiple windfall offset data lines functionality in more than 13 applications, which was part of the Processing Center Automation Initiative FY 2022 roadmap, had been deferred. SSA stated it had not developed a new timeline for completion of the initiative. According to SSA, once the recommendation makes it to an IT roadmap, it will be funded and implemented. Therefore, as of March 2022, SSA considered this recommendation closed even though it had not been implemented.

[Old-Age, Survivors and Disability Insurance Benefits Withheld Pending Supplemental Security Income Windfall Offset \(A-09-11-11130\)](#) **November 2011**

Audit Findings

SSA needed to improve controls to ensure it accurately and timely paid OASDI benefits withheld pending a windfall offset determination. Based on our random sample, we estimated SSA: (1) did not process windfall offset determinations for approximately 35,398 beneficiaries and therefore withheld approximately \$232 million in OASDI benefits payable to the beneficiaries; (2) incorrectly processed windfall offset determinations for approximately 17,067 beneficiaries resulting in approximately \$51.5 million in OASDI benefits improperly withheld or overpaid; and (3) did not timely process windfall offset determinations for approximately 60,051 beneficiaries and pay approximately \$725.9 million in OASDI benefits.

Audit Recommendations

1. Take appropriate action to complete the Supplemental Security Income (SSI) windfall offset determinations and release the withheld OASDI benefits for the 83 beneficiaries whose offset actions were not processed or incorrectly processed, as identified by our audit.

SSA agreed to implement our recommendation. In February 2014, SSA stated its field offices had reviewed and taken corrective action on the cases whose offset actions were not processed or incorrectly processed. As of February 2014, SSA considered this recommendation implemented.

2. Develop a plan to (a) identify and resolve the backlog of OASDI beneficiaries with pending SSI windfall offset determinations and (b) take corrective action on the remaining population of 52,382 OASDI beneficiaries whose SSI windfall offset actions were not processed or were incorrectly processed.

SSA partially agreed with this recommendation. In response to our draft report for recommendation 2(a), SSA stated, "We agree. However, the vast majority of these cases are not 'backlogged.' Rather, they have been controlled and are being processed by our field offices and processing centers. We will continue to identify and resolve pending windfall offset determinations, and, as we noted in our response to recommendation 3, we continue to explore ways to ensure that we complete offset actions timely and accurately." For recommendation 2(b), SSA stated "We disagree. We would have to re-work all 122,630 cases to identify the estimated errors, which would mean reviewing cases we processed correctly. We cannot agree to re-work these cases, because we do not have sufficient resources to devote to that effort and it would adversely affect other critical workloads. However, we recently provided training sessions on advanced windfall offset topics and techniques. We will continue to evaluate the need for additional training." As of May 2012, SSA considered all these recommendations closed.

3. Implement additional controls to ensure SSI windfall offset actions are processed accurately and timely. For example, periodically identify and select for review beneficiaries with OASDI benefits withheld pending an SSI offset determination for an extended period.

SSA agreed to implement our recommendation. In response to our draft report, SSA stated, "Over the past several years, we have actively pursued ways to improve, simplify, and further automate the process. We plan to automate additional functions that currently require manual computations to improve both timeliness and accuracy." In October 2016, SSA stated it had updated the Modernized Claim System to improve OASDI benefits processing time and reduce the changes for coding errors. As of October 2016, SSA considered this recommendation implemented.

Appendix C – AGENCY COMMENTS



SOCIAL SECURITY

MEMORANDUM

Date: September 20, 2023

Refer To: TQA-1

To: Gail S. Ennis
Inspector General

From: Scott Frey 
Chief of Staff

Subject: Office of the Inspector General Draft Report “Windfall Offset Determination”
(A-09-18-50697)—INFORMATION

Thank you for the opportunity to review the draft report. We agree with all four recommendations.

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



Mission:

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