

Follow-up on Controls over Special Payment Amount Overpayments for Social Security Beneficiaries

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September 2022

Office of Audit Report Summary

Objective

To determine whether the Social Security Administration's (SSA) corrective actions in response to our prior audits effectively improved its processing of special payment amount (SPA) overpayments on the Master Beneficiary Record (MBR).

Background

SSA may temporarily record an overpayment as an SPA on the MBR when it retroactively suspends, terminates, or reduces a beneficiary's monthly benefit amount. An SSA employee must determine whether the SPA is a valid overpayment and whether to remove it from the MBR and record it in SSA's Recovery of Overpayments, Accounting and Reporting system (ROAR).

SSA's system generates alerts for employees to review, and take proper action to resolve, the SPA on the MBR. SSA also conducts an annual clean-up operation to ensure SSA employees have resolved the SPAs.

In September 2009 and May 2015 audits, we found SSA did not always properly resolve SPA overpayments. In addition, in a March 2020 audit, we found SSA employees incorrectly processed SPA alerts.

For our current review, we identified 38,766 beneficiaries in suspended, terminated, or other non-payment status who had an SPA overpayment of \$500 or more on the MBR.

Results

SSA's actions in response to our prior reports were not fully effective in improving its processing of SPA overpayments. Based on our random sample, we estimate SSA did not:

- initiate recovery actions from 16,669 beneficiaries whom the Agency overpaid approximately \$73 million and
- remove SPA overpayments totaling approximately \$14.2 million for 2,714 beneficiaries.

This occurred because SSA: (1) systems did not always generate an alert to notify employees to review and resolve the overpayment; (2) employees did not properly review and initiate recovery actions to resolve the SPAs; or (3) employees did not remove the SPAs from the MBR when they initiated recovery or resolved the overpayment.

Recommendations

We recommend SSA:

1. Establish overpayments in ROAR, initiate recovery actions, and remove the SPAs from the MBR, as appropriate, for the remaining beneficiaries identified by our audit.
2. Modify its system to ensure it alerts SSA employees to review and resolve SPAs for beneficiaries in suspended or other non-payment status.
3. Improve controls to ensure employees properly resolve SPAs in a timely manner, such as establishing more timely periodic or follow-up alerts.

SSA agreed with Recommendation 1 but disagreed with Recommendations 2 and 3.