

Court-ordered Restitutions for Individuals Convicted of Social Security Fraud

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Office of Audit Report Summary

Objective

To determine whether Social Security Administration (SSA) employees properly recorded and monitored the collection of court-ordered restitutions for individuals convicted of Social Security fraud.

Background

Courts may order individuals convicted of Social Security fraud to repay SSA for illegally obtained funds, known as court-ordered restitution. SSA employees must monitor and control the collection of restitutions until the full overpayment has been refunded or otherwise resolved.

In our 2019 audit of *The Social Security Administration's Accounting for, and Monitoring of, Court-ordered Restitutions (A-04-18-50633)*, we found SSA did not have adequate controls to ensure it recorded and monitored the collection of restitutions. We recommended SSA develop a tracking system to record and monitor restitutions. In response, SSA implemented a tracking tool for restitutions and documented existing restitutions in the tool.

We reviewed (1) 66 restitutions from a population of 1,506 restitutions ordered in Fiscal Years 2018 through 2023 and established in SSA's restitution tracking tool and (2) 10 of the 25 erroneously processed restitutions from our 2019 review to determine whether SSA employees properly recorded and monitored the collection of the restitutions.

Results

Of the 66 restitutions we reviewed, SSA employees properly recorded and monitored the collection of 43 (65 percent) and collected approximately \$2.1 million. However, employees did not properly record, or may not have monitored the collection of, 23 (35 percent) restitutions. As of January 2025, SSA had not collected outstanding balances totaling approximately \$1.1 million for these restitutions. Based on our results, we estimate SSA employees did not properly record and/or monitor the collection of approximately \$18.6 million in restitutions. We were unable to determine why employees did not take the required steps to record and monitor the collection of these restitutions because there was not enough documentation in SSA's systems.

For these 66 restitutions, we also determined SSA employees did not send appropriate overpayment notices to 18 individuals who were ordered to make restitutions.

Finally, of the 10 restitutions we reviewed from our prior audit, SSA employees did not properly record, or may not have monitored the collection of, 4 with outstanding balances totaling approximately \$126,000. We were unable to determine why employees did not follow policy to properly monitor the collection of these restitutions.

Conclusion

It is crucial that SSA employees record restitutions on the Master Beneficiary Record and/or Supplemental Security Record and perform all required monitoring activities to maximize the likelihood of recovering overpaid funds. If SSA does not ensure its employees record all restitutions in its systems as required, employees may be unaware of these restitutions. Further, when SSA employees do not properly monitor the restitutions, the Agency may never collect the overpaid funds. If SSA does not improve its efforts to monitor the collection of restitutions, the Agency is at risk of potentially not recovering millions of dollars in restitution ordered by the court as a result of fraud.

Recommendations

We made three recommendations to SSA to help ensure employees properly record and monitor the collection of court-ordered restitutions. SSA agreed to implement our recommendations.