

Report Summary

Social Security Administration Office of the Inspector General

September 2010



Objective

To determine whether administrative costs incurred to administer economic recovery payments (ERP), authorized as part of the *American Recovery and Reinvestment Act of 2009* (ARRA), were valid and appropriate.

Background

On February 17, 2009, ARRA was signed into law. ARRA provided for a one-time payment of \$250 to certain Social Security beneficiaries and Supplemental Security Income recipients.

ARRA provided the Social Security Administration (SSA) up to \$90 million for costs incurred in carrying out the ERP section of ARRA. From May to December 2009, SSA certified ERPs for approximately 52 million individuals totaling about \$13 billion.

To view the full report, visit <http://www.ssa.gov/oig/ADO/BEPDF/A-06-10-10124.pdf>

The Social Security Administration's Use of American Recovery and Reinvestment Act of 2009 Funds to Administer Economic Recovery Payments ***(A-06-10-10124)***

Our Findings

Administrative costs incurred to administer ERPs were generally valid and appropriate. At the time of our audit, SSA had spent only about \$39 of the \$90 million appropriated to fund administrative costs related to issuance of ERPs and could return as much as \$50 million in unused funds to the Treasury by the end of Fiscal Year 2011.

We identified ERP-related training expenses totaling \$520,000 that SSA should have charged and a small expenditure totaling about \$45,000 that SSA should not have charged against the administrative appropriation. SSA took prompt action to reclassify both expenditures. Also, SSA implemented controls to reduce ERP double check negotiations, but did not incorporate these changes into cost estimates used to justify award of a \$1.25 million contract for accounting system modifications needed to monitor and collect amounts due from individuals who received ERPs they were not entitled to receive.

Our Recommendations

We recommended that SSA ensure cost-benefit analyses for accounting system modifications incorporate all relevant factors into the decision-making process.

SSA agreed to consider all relevant factors in future cost benefit analyses. SSA also informed us that on August 10, 2010, the President signed Public Law 111-226, which rescinded \$47 million of SSA's unused ARRA funds.