

Follow-up on Transferring Supplemental Security Income Overpayments from Prior Records to the Current Record for Recovery

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Office of Audit Report Summary

Objective

To determine whether the Social Security Administration (SSA) (1) transferred overpayments from terminated Supplemental Security Income (SSI) records to current records for recovery and (2) took corrective action to recover the SSI overpayments we identified in our 2009 audit.

Background

Failure to close out an overpayment on a terminated SSI record and transfer it to the current record results in a lost opportunity to recover the funds because adjustment of ongoing payments is the most effective method of overpayment recovery. SSA developed an automatic reconciliation process to transfer overpayments, but SSA staff is responsible for manually transferring the overpayment in certain situations. In a 2009 audit, we estimated that SSA should have transferred approximately \$9.4 million in overpayments to 3,075 SSI recipients' current SSI records (from a population of 3,705 recipients).

We identified 4,482 SSI recipients in current pay status, as of April 2020, with overpayments on terminated SSI records that SSA had not transferred to current records. From our 2009 audit population of 3,705 SSI recipients, we identified 1,574 in current pay status as of November 2019.

Findings

We found that SSA did not ensure staff (a) transferred outstanding overpayments from terminated SSI records to current records for recovery and (b) took corrective action to recover the SSI overpayments for some of the cases we identified in our 2009 audit. We estimate SSA should have transferred approximately \$14.8 million in SSI overpayments to 2,936 recipients' current records for recovery. Had SSA transferred the \$14.8 million, it could have recovered approximately \$8.1 million as of November 2020. In addition, SSA did not transfer approximately \$3.5 million in SSI overpayments we identified for 905 recipients in our 2009 audit for recovery.

During automatic reconciliation of overpayments, most overpayments transfer to current records. However, the system has a number of exclusions that prevent automatic reconciliation, and SSA staff needs to take manual actions, which do not always occur.

SSA does not plan to update its SSI systems to address the exclusions that prevent automatic reconciliation of overpayments. The reason, according to SSA, is that they are highly complex to automate, they involve a small universe of cases, and therefore the effort would not be cost-beneficial. SSA stated, "After the . . . [August 2009] audit, we funded a project to address the exclusions in 2010. As a part of that process, we built the weekly reconciliation process, which selects specific records for transfer. During that effort, we examined each exclusion and determined it existed for a sound reason."

Recommendations

1. Review the remaining cases we identified for our current population and 2009 audit population that have outstanding overpayments on prior terminated SSI records and take corrective action to transfer the overpayments to current records for recovery.
2. Issue a reminder to staff to follow its policy to manually process SSI overpayments that are not automatically transferred to the current record.

SSA agreed with the recommendations.