

Accuracy of Manual Actions for Old-Age, Survivors and Disability Insurance Underpayments over \$6,000

A-03-18-50703



December 2019

Office of Audit Report Summary

Objective

To determine whether the Social Security Administration (SSA) processed Old-Age, Survivors and Disability Insurance (OASDI) underpayments accurately via the Manual Adjustment, Credit, and Award Data Entry system.

Background

SSA's OASDI program provides monthly benefits to retired and disabled workers, including their dependents, and survivors of insured workers. An OASDI underpayment is any full or partial monthly benefit payment that is due a person but has not been paid.

SSA employees must manually issue underpayments when the Agency's automated systems cannot process the payments. Manually issued OASDI underpayments over \$6,000 require that a secondary reviewer ensure processing and payment accuracy.

From 1 segment of the Payment History Update System, we identified 13,953 OASDI underpayments over \$6,000 from September 2016 to July 2018. We reviewed 160 Claim Account Numbers (CAN) from which 211 underpayments were issued to determine whether the underpayments were accurate and issued in accordance with SSA policy. The CAN is the Social Security number of the wage earner on whose record benefits are being paid.

Findings

Of 160 sampled CANs with 211 underpayments, SSA incorrectly calculated 50 underpayments for 27 (17 percent), which resulted in payment errors totaling \$244,768. We estimate 31,380 CANs with underpayments over \$6,000 issued from September 26, 2016 through July 13, 2018 had payment errors totaling approximately \$80.8 million. The payment errors were caused by incorrect benefit computations, failure to consider beneficiaries' multiple entitlements, duplicate payments, rounding, and failure to apply the appropriate offsets. SSA has automated tools to help ensure payment accuracy. Based on our referral, as of July 2019, SSA has taken corrective actions for 19 of the 27 CANs.

Furthermore, of the 211 underpayments reviewed, 95 (45 percent) had at least 1 processing error because technicians failed to follow established policy and procedures. The processing errors included technicians' failure to (1) conduct secondary reviews for underpayments over \$6,000; (2) issue notices to beneficiaries informing them of the underpayments; (3) verify address, direct deposit, and/or representative payee data for terminated and suspended beneficiaries; and (4) have appropriate staff conduct secondary reviews.

Recommendations

We made four recommendations including that SSA review the remaining 3,572 CANs with 4,132 underpayments from Sampling Frame 3 to determine whether the underpayments were paid accurately and take corrective action where appropriate, and evaluate the use of automated tools to alert technicians of factors that affect underpayment amounts and conduct refresher training to ensure technicians are properly using the tools.

SSA agreed with our recommendations.