

The Social Security Administration's Use of Administrative Tolerance Waivers

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Office of Audit Report Summary

Objective

To determine whether the Social Security Administration (SSA) properly used the administrative tolerance waiver provision for Old-Age, Survivors and Disability Insurance overpayments.

Background

SSA uses an administrative tolerance waiver provision to waive a requesting liable person's overpayments when the total amount of the liability does not exceed \$1,000, unless there is some indication the person may be at fault. Accordingly, SSA technicians' use of the administrative tolerance waiver provision depends on a beneficiary's overpayment liabilities. That is, SSA does not consider beneficiaries eligible for an administrative tolerance waiver when they are liable for one or several overpayments that total more than \$1,000. Furthermore, the administrative tolerance provision prohibits waivers greater than \$1,000.

We randomly selected
(1) 100 administrative tolerance waivers of \$1,000 or less and
(2) 60 that were greater than \$1,000.

Findings

SSA technicians did not always properly use the administrative tolerance waiver provision. For the 100 sampled waivers that were \$1,000 or less, SSA technicians improperly waived 34. As such, we estimated SSA improperly waived almost \$9.8 million in overpayments.

For the additional 60 sampled waivers that were greater than \$1,000, SSA technicians either improperly waived the overpayment or inaccurately coded the waiver because the amount exceeded the allowance. Specifically, SSA technicians improperly waived 17 because \$1,000 was the maximum amount technicians could waive using the administrative tolerance provision, and there was no supporting evidence on file that established another suitable reason for these waivers. As such, we estimated SSA improperly waived almost \$2.8 million in overpayments. SSA technicians inaccurately coded the remaining 43 waivers as administrative tolerance waivers in the Agency's Debt Management System. There was evidence on file to support a waiver reason other than administrative tolerance. Systems improvements would limit inappropriate use of the administrative tolerance waiver and inaccurate coding.

Recommendation

We recommend that SSA, as part of its Debt Management modernization initiative, establish controls in the new Debt Management Product that ensure technicians can only use the administrative tolerance waiver for overpayments allowable under the provision.

SSA agreed with our recommendation.