

The Social Security Administration's Processing of Returned Old-Age, Survivors and Disability Insurance Payments

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Office of Audit Report Summary

Objective

To determine whether the Social Security Administration (SSA) processed returned Old-Age, Survivors and Disability Insurance (OASDI) benefits according to policy.

Background

OASDI benefits are returned for a variety of reasons, including problems with a beneficiary's address, incorrect direct deposit account information, or a change in representative payee. SSA's system automatically processes returned benefit payments in some circumstances. However, SSA's system cannot always automate returned payment actions. Instead, it generates an alert for an SSA employee to take manual corrective action. SSA will not reissue a returned payment if it determines the beneficiary was not due the payment. Additionally, SSA may reissue a returned payment for a different amount if it determines the original payment amount is no longer due.

From 1 segment of the Payment History Update System, we identified 33,111 beneficiaries whose benefit payments of the median amount of \$872 or higher were returned to SSA during Calendar Years 2015 through 2017. From this population, we reviewed 236 beneficiaries.

Findings

SSA did not process returned OASDI benefits according to policy for 34 (14 percent) of the 236 beneficiaries we reviewed, which resulted in \$412,887 in improper payments. For 16 beneficiaries, SSA did not reissue benefits that were due, including payments to 2 beneficiaries who were due over \$90,000 each. For 14 beneficiaries, SSA reissued benefits for an incorrect amount. For four beneficiaries, SSA reissued benefits that were not due.

We project there were 19,700 beneficiaries with returned OASDI benefits in Calendar Years 2015 through 2017 that SSA did not process according to policy, which resulted in approximately \$54.8 million in improper payments. SSA made these improper payments because it made errors when it (1) determined the total amount of benefits due after payments were returned or (2) failed to verify and/or update beneficiary information so it could determine whether to reissue any portion of the returned benefits.

SSA reviewed the records and took appropriate action for 19 of the 34 beneficiaries. However, SSA needs to take corrective action for the 15 remaining beneficiaries.

Recommendations

We recommend SSA:

1. Review and correct the records of the remaining 15 beneficiaries for whom it did not process returned OASDI benefits according to policy.
2. Establish a process to review all returned OASDI payments greater than \$90,000.
3. Improve its controls over processing returned OASDI payments to ensure employees are using a payment worksheet or The Auditor to verify payment amounts due beneficiaries.
4. Issue a reminder to employees on how to determine the appropriate action for returned OASDI payments based on the return reason and other pertinent information.

SSA agreed with our recommendations.