OIG Office of the Inspector General
SOCIAL SECURITY ADMINISTRATION

Audit Report

Manual Adjustments to Old-Age, Survivors and Disability Insurance Overpayments

A-07-18-50294 | April 2018

OIG Office of the Inspector General
SOCIAL SECURITY ADMINISTRATION

MEMORANDUM

Date: April 9, 2018 Refer To:

To: The Commissioner

From: Acting Inspector General

Subject: Manual Adjustments to Old-Age, Survivors and Disability Insurance Overpayments (A-07-18-50294)

The attached final report presents the results of the Office of Audit's review. Our objective was to determine whether Social Security Administration employees manually adjusted Old-Age, Survivors and Disability Insurance overpayment balances accurately.

If you wish to discuss the final report, please call me or have your staff contact Rona Lawson, Assistant Inspector General for Audit, 410-965-9700.

Gale Stallworth Stone

Gale Stallworth Stone

Attachment

cc:
General Counsel

Manual Adjustments to Old-Age, Survivors and Disability Insurance Overpayments
A-07-18-50294

SOCIAL SECURITY ADMINISTRATION
OIG

April 2018 **Office of Audit Report Summary**

Objective

To determine whether Social Security Administration (SSA) employees manually adjusted Old-Age, Survivors and Disability Insurance (OASDI) overpayment balances accurately.

Background

SSA records OASDI overpayments in the Recovery of Overpayments, Accounting and Reporting (ROAR) system. When SSA's systems cannot correctly establish or adjust overpayments in ROAR, employees must take manual actions via Manual Adjustment, Credit, and Award Data Entry (MACADE). Because of the complexities of SSA's policies concerning overpayment processing and procedures for manually adjusting OASDI records, manual overpayment adjustments can be error-prone.

From the ROAR data of 1 segment of the Master Beneficiary Record, we identified 9,264 manual transactions processed in Fiscal Years (FY) 2013 through 2016 that adjusted OASDI overpayments. From this population, we reviewed random samples of 100 adjustments from each of 2 sampling frames. The first sampling frame included 8,136 adjustments ranging from $1,000 to $20,000. To determine whether adjustments of larger amounts had a higher risk for error, we reviewed a second sampling frame that included 1,128 adjustments greater than $20,000.

Findings

SSA employees did not always accurately adjust OASDI overpayments. Of the 200 manual adjustments sampled, 71 (36 percent) incorrectly reduced or increased the overpayment balances, resulting in errors totaling $808,814. We project there were 62,260 incorrect manual adjustments to OASDI overpayments with errors totaling over $349 million in FYs 2013 through 2016. Specifically, we project employees incorrectly reduced overpayment balances by over $276 million. SSA will not attempt to collect $276 million in overpayments unless it takes action to restore the balances to the beneficiaries' records. Further, we project employees incorrectly increased overpayment balances by almost $73 million. Thus, SSA will attempt to recover $73 million more than the beneficiaries owed.

We determined SSA employees made substantial errors when they made overpayment adjustments less and greater than $20,000. However, the amount of errors that resulted from larger adjustments was greater on average than errors from adjustments less than $20,000. SSA should focus its corrective actions on overpayment adjustments greater than $20,000 to target higher dollar errors.

Regardless of adjustment amount, we identified four reasons errors occurred in overpayment adjustments: incorrect overpayment calculations, incorrect MACADE inputs, improperly removed overpayments, and invalid overpayment actions.

Recommendations

We made four recommendations for SSA to take appropriate actions to address incorrect manual adjustments to OASDI overpayments.

SSA agreed with our recommendations.

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ABBREVIATIONS

FY	Fiscal Year
MACADE	Manual Adjustment, Credit, and Award Data Entry
MBR	Master Beneficiary Record
OASDI	Old-Age, Survivors and Disability Insurance
OIG	Office of the Inspector General
POMS	Program Operations Manual System
ROAR	Recovery of Overpayments, Accounting and Reporting
SSA	Social Security Administration
U.S.C.	United States Code

OBJECTIVE

The objective of this review was to determine whether Social Security Administration (SSA) employees manually adjusted Old-Age, Survivors and Disability Insurance (OASDI) overpayment balances accurately.

BACKGROUND

SSA disburses benefit payments under the OASDI program. The OASDI program, created under Title II of the *Social Security Act*, provides monthly benefits to retired and disabled workers as well as their dependents and survivors.[1] OASDI overpayments occur when SSA pays beneficiaries more than they are due for a given period.[2]

SSA records OASDI overpayments in the Recovery of Overpayments, Accounting and Reporting (ROAR) system. When SSA's systems cannot correctly establish or adjust overpayments in ROAR, processing center employees take manual actions via Manual Adjustment, Credit, and Award Data Entry (MACADE). Employees become aware of overpayments requiring manual actions when, for example, correcting benefit amounts, updating reported earnings, or processing benefit offsets. Because of the complexities of SSA's policies concerning overpayment processing and procedures for manually adjusting OASDI records, manual overpayment adjustments can be error-prone.

From the ROAR data of 1 segment of the Master Beneficiary Record (MBR),[3] we identified 9,264 manual transactions processed in Fiscal Years (FY) 2013 through 2016 that adjusted OASDI overpayments by at least $1,000.[4] These adjustments to individual beneficiaries' overpayments totaled almost $94 million (see Table 1).

[1] *Social Security Act*, 42 U.S.C. §§ 402 and 423 (2015).

[2] SSA, *POMS*, *GN-General*, ch. GN 022, subch. GN 02201.001, sec. A (October 31, 2017).

[3] The MBR is divided into 20 representative segments.

[4] We excluded Supplemental Security Income overpayments being recovered from OASDI benefits through cross-program recovery to avoid overlap with other audit work. SSA, OIG, *Manually Reduced Cross-program Recovery Overpayments, A-06-17-50225* (July 2017). See Appendix A for the scope and methodology of our review.

Table 1: Manual Adjustments to Overpayments in FYs 2013 Through 2016, by Amount

Amount	Number	Percent of Total Number	Total Amount (in millions)	Percent of Total Amount
$1,000 - $10,000	6,760	73.0%	$24.1	25.7%
$10,001 - $20,000	1,376	14.9%	$19.4	20.7%
$20,001 - $30,000	535	5.8%	$13.0	13.8%
$30,001 - $40,000	232	2.5%	$8.0	8.5%
$40,001 - $50,000	124	1.3%	$5.5	5.9%
Greater than $50,000	237	2.6%	$23.9	25.5%
Total	9,264	100.1%[5]	$93.9	100.1%[6]

From this population, we reviewed random samples of 100 adjustments from each of 2 sampling frames. The first sampling frame included 8,136 adjustments ranging from $1,000 to $20,000, totaling about $43.5 million. To determine whether adjustments of larger amounts had a higher risk for error, we reviewed a second sampling frame that included 1,128 adjustments greater than $20,000, totaling about $50.4 million.

RESULTS OF REVIEW

SSA employees did not always accurately adjust OASDI overpayments. Of the 200 manual adjustments we sampled, 71 (36 percent) incorrectly reduced or increased the overpayment balances, resulting in errors totaling $808,814. Accordingly, we project there were 62,260 incorrect manual adjustments to OASDI overpayments in FYs 2013 through 2016 with errors totaling over $349 million.[7] Specifically, we project employees incorrectly reduced overpayment balances by over $276 million. Consequently, SSA will not attempt to collect $276 million in overpayments unless it takes action to restore the balances to the beneficiaries' records. Further, we project employees incorrectly increased overpayment balances by almost $73 million. Thus, SSA will attempt to recover $73 million more than the beneficiaries owed.

We determined SSA employees made substantial errors when they made overpayment adjustments both less and greater than $20,000. However, the amount of errors that resulted from larger adjustments was greater on average than errors from adjustments less than $20,000. Therefore, SSA should focus its corrective actions on overpayment adjustments greater than $20,000 to target larger dollar errors.

[5] Percentage total does not equal 100 because of rounding.

[6] Percentage total does not equal 100 because of rounding.

[7] See Appendix B for our sampling methodology and results.

Overpayment Adjustment Errors

From our sample of 200 adjustments, SSA incorrectly adjusted 71 overpayments (36 percent), which resulted in errors totaling $808,814. Specifically, employees incorrectly reduced 43 overpayment balances by $637,441 and incorrectly increased 28 overpayment balances by $171,373. SSA should take appropriate actions on the 71 overpayments we identified.

We project there were 62,260 incorrect manual adjustments to OASDI overpayments with errors totaling over $349 million in FYs 2013 through 2016. Specifically, we project employees processed 39,140 manual adjustments that incorrectly reduced overpayment balances by over $276 million (see Appendix B, Table B–11). Consequently, SSA will not attempt to collect $276 million in overpayments unless it takes action to restore the balances to the beneficiaries' records. Further, we project employees processed 23,120 manual adjustments that incorrectly increased overpayment balances by almost $73 million (see Appendix B, Table B–12). Thus, SSA will attempt to recover $73 million more than the beneficiaries owed.

We identified substantial errors in adjustments both less and greater than $20,000. However, the amount of errors that resulted from larger adjustments was greater on average than errors from adjustments less than $20,000.

- **Adjustments from $1,000 to $20,000** – 33 incorrect adjustments, totaling $119,196, for an average of $3,612.[8]
- **Adjustments greater than $20,000** – 38 incorrect adjustments, totaling $689,618, for an average of $18,148.[9]

These errors represent losses to Social Security Trust Funds when overpayments are incorrectly reduced and financial burdens to beneficiaries when overpayments are incorrectly increased. Accordingly, we recommend SSA determine the cost-effectiveness of reviewing additional manually adjusted overpayments that may need correction, focusing on overpayments adjusted by greater than $20,000 to target larger dollar errors.

[8] The median error amount was $1,667.

[9] The median error amount was $11,543.

Reasons for Inaccurate Adjustments

Although SSA had not identified patterns in employees' errors in manual adjustments to OASDI overpayments, we identified common reasons for the errors in our sample. Specifically, SSA employees made 4 types of errors when they processed the 71 incorrect manual adjustments to overpayments: incorrect overpayment calculations, incorrect MACADE inputs, improperly removed overpayments, and invalid overpayment actions (see Table 2). SSA should provide employees additional training on computing and verifying the validity of actions on overpayments that need to be adjusted, including training on MACADE inputs for overpayment adjustments and deletions.

Table 2: Reasons for Incorrect Manual Adjustments to OASDI Overpayments

Reasons	Number of Incorrect Manual Adjustments	Incorrect Reductions	Incorrect Increases	Total Error Amount
Incorrect Overpayment Calculation	32	$66,975	$77,920	$144,895
Incorrect MACADE Input	18	$283,752	$54,542	$338,294
Improperly Removed Overpayment	16	$286,085	$0	$286,085
Invalid Overpayment Action	5	$629	$38,911	$39,540
Total	71	**$**637,441	**$**171,373	**$**808,814

Incorrect Overpayment Calculation

Employees incorrectly recalculated balances for 32 overpayments. When employees establish additional overpayments or correct existing overpayments, they recalculate the overpayment balance to determine the adjustment amount. However, employees did not always use accurate amounts or timeframes when they recalculated overpayment balances. For example, in July 2016, an employee adjusted an overpayment so the recalculated balance was $14,487. However, the employee made several errors in calculating the overpayment, including inaccurately accounting for benefits used to collect Supplemental Security Income overpayments and omitting waivers. The correct overpayment balance should have been $12,063, but the employee added $2,424 to the overpayment. Consequently, SSA will attempt to recover $2,424 more than the beneficiary owed.

Incorrect MACADE Input

Employees incorrectly input adjustments into MACADE for 18 overpayments. For example, in April 2015, an employee added a $29,575 second overpayment to a beneficiary's existing $94,116 overpayment, for a combined overpayment of $123,691. However, the employee incorrectly input only the $29,575 overpayment into MACADE, thus removing the original $94,116 balance from the record. Thus, SSA will not attempt to collect the beneficiary's $94,116 overpayment. Consequently, we recommend SSA identify error-prone MACADE inputs for overpayment adjustments and consider the cost-effectiveness of establishing MACADE messages to alert employees of common errors before they complete their inputs.

Improperly Removed Overpayment

Employees improperly removed 16 valid overpayments from SSA's records. For example, in February 2016, an employee erroneously removed a $31,418 overpayment to stop its collection from the beneficiary's monthly benefit. However, the appropriate action was to reduce the withholding amount to $200 per month, as agreed to by the beneficiary. By removing the overpayment, the employee ceased all collection activity. As such, SSA will not attempt to collect the $31,418 balance. According to SSA, MACADE did not have controls to detect or prevent erroneous deletions.

Invalid Overpayment Action

Five transactions invalidly established overpayments or transferred overpayments to other records or beneficiaries for collection. For example, in September 2014, an employee transferred a beneficiary's $2,075 overpayment from the parent's record to the beneficiary's record. However, because SSA did not initiate recovery of the overpayment in May 2014, when the beneficiary first became entitled to disability benefits on his own record, SSA policy barred its recovery.[10] As such, the action to transfer the overpayment was not appropriate. The employee should have waived the overpayment.[11] Thus, SSA's adjustment of the overpayment created an improper financial obligation for the beneficiary.

[10] The overpayment occurred when SSA did not timely terminate the beneficiary's child benefits in May 1980. The beneficiary agreed to repay the overpayment in October 1987 but never issued SSA repayment. SSA could have initiated benefit withholding when the beneficiary became entitled on his own record in May 2014. However, since the overpayment had been accruing for longer than 10 years, SSA was barred from initiating recovery after May 2014. SSA, *POMS*, *GN-General*, ch. GN 022, subch. GN 02210.003, secs. A.1, A.3, and B.1 (August 16, 2010).

[11] SSA, POMS, *GN-General*, ch. GN 022, subch. GN 02210.003, sec. C (August 16, 2010).

CONCLUSIONS

To prevent continued losses to its Trust Funds and undue financial hardships on beneficiaries, SSA needs to improve the accuracy of manual adjustments to OASDI overpayments. Our audit revealed errors in one of every three overpayment adjustments. Specifically, of our 200 sampled adjustments, SSA employees processed 71 (36 percent) incorrectly, resulting in errors totaling $808,814. Accordingly, in FYs 2013 through 2016, we project employees processed 62,260 manual adjustments to OASDI overpayments resulting in errors totaling over $349 million.

RECOMMENDATIONS

We recommend SSA:

1. Take appropriate actions on the 71 overpayments we identified that employees incorrectly reduced or increased.

2. Determine the cost-effectiveness of reviewing additional manually adjusted overpayments that may need correction, focusing on overpayments adjusted by greater than $20,000 to target larger dollar errors.

3. Provide employees additional training on computing and verifying the validity of actions on overpayments that need to be adjusted, including training on MACADE inputs for overpayment adjustments and deletions.

4. Identify error-prone MACADE inputs for overpayment adjustments and consider the cost-effectiveness of establishing MACADE messages to alert employees of common errors before they complete their inputs.

AGENCY COMMENTS

SSA agreed with our recommendations. The Agency's comments are included in Appendix C.

OTHER MATTERS

Of the 200 adjustments to overpayments we sampled, employees did not notify beneficiaries of changes to 48 overpayments (24 percent) or afford due process rights for 17 overpayments (9 percent) when required. SSA employees are required to send beneficiaries written notification of any changes to their overpayment balances or recovery rates.[12] Further, when employees discover additional overpayments or transfer overpayments to other beneficiaries, they are

[12] SSA, *POMS*, *GN-General*, ch. GN 022, subch. GN 02201.009, sec. A (October 26, 2017); subch. GN 02210.010, sec. A (September 30, 2005); and subch. GN 02210.065, sec. D.3 (September 30, 2005).

required to include due process rights in the notices.[13] While these issues did not directly relate to the results of our review, we wanted to alert SSA. Further, we plan to conduct additional audit work on SSA's overpayment notification and due process provisions to better quantify the issue.

Rona Lawson
Assistant Inspector General for Audit

[13] SSA, *POMS*, *GN-General*, ch. GN 022, subch. GN 02201.009, sec. B (October 26, 2017) and subch. GN 02210.007, sec. B (October 19, 2010).

APPENDICES

Appendix A – Scope and Methodology

To accomplish our objective, we:

- Reviewed applicable sections of the *Social Security Act* and Social Security Administration's (SSA) Program Operations Manual System.
- Reviewed prior Office of the Inspector General reports.
- From the Recovery of Overpayments, Accounting, and Reporting (ROAR) data of 1 segment of the Master Beneficiary Record (MBR), identified 9,264 transactions processed in Fiscal Years 2013 through 2016 that adjusted Old-Age, Survivors and Disability Insurance (OASDI) overpayments.[1] These transactions (1) were processed through Manual Adjustment, Credit, and Award Data Entry, (2) adjusted overpayments for individual beneficiaries, (3) adjusted overpayments by at least $1,000, and (4) did not adjust Supplemental Security Income overpayments being recovered from OASDI benefits through cross-program recovery.[2]
- Divided the 9,264 adjustments into 2 sampling frames. The first included 8,136 adjustments ranging from $1,000 to $20,000. The second included 1,128 adjustments greater than $20,000.
- Selected random samples of 100 transactions from each sampling frame for review.[3]
- Determined whether each sampled transaction accurately adjusted the beneficiaries' overpayment balances. To do so, we:
  - Reviewed the ROAR, MBR, Payment History Update System, Hospital Insurance/Supplemental Medical Insurance Query, Debt Management System, Online Notice Retrieval System, Claims File Records Management System, and Paperless Read Only Query System.
  - Reviewed SSA's systems for available transaction documentation, supporting worksheets, and notices.

[1] The MBR is divided into 20 segments based on the last 2 digits of the beneficiaries' Social Security number. One segment of the MBR represents 5 percent of the total population of beneficiaries. Because each segment contains similar characteristics, the results of the audit are representative of the entire population.

[2] We reviewed Supplemental Security Income overpayments being recovered from OASDI benefits through cross-program recovery during a prior audit. SSA, OIG, *Manually Reduced Cross-program Recovery Overpayments, A-06-17-50225* (July 2017).

[3] See Appendix B for our sampling methodology and results.

- Compared the prior overpayment balance to the balance posted on the record after the transaction.[4]
- Calculated the difference between "paid versus payable" overpayments.

We conducted our review between July and October 2017 in Kansas City, Missouri. The principle entity audited was the Office of Operations. We determined the data used for this audit were sufficiently reliable to meet our objective. We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for findings and conclusions based on our audit objectives. We believe the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

[4] We did not determine the accuracy of actions to establish or adjust the overpayment balance prior to our sampled transaction, or the accuracy of reconsideration or waiver decisions effectuated in the sampled transaction. Rather, we determined the accuracy of the sampled transaction at the time it was processed, using historical MBRs when necessary.

Appendix B – Sampling Methodology and Results

Sampling

We established two sampling frames as detailed in Appendix A.

From each of our sampling frames, we selected random samples of 100 adjustments for review (see Table B–1 and Table B–2).

Table B–1: Adjustments of $20,000 or Less, Sampling Frame and Sample Size

Sampling Frame Size (identified in 1 segment of the Master Beneficiary Record)	8,136
Sample Size	100
Estimated Total Population (Sampling Frame Size x 20 segments)[1]	162,720

Table B–2: Adjustments Greater Than $20,000, Sampling Frame and Sample Size

Sampling Frame Size (identified in 1 segment of the Master Beneficiary Record)	1,128
Sample Size	100
Estimated Total Population (Sampling Frame Size x 20 segments)	22,560

Sample Errors and Projections

To determine whether adjustments of larger amounts had a higher risk for error, we calculated adjustment errors and amounts for each sampling frame.

Overpayments Adjusted by $20,000 or Less

From our sample of 100 adjustments ranging from $1,000 to $20,000, 33 were incorrect.[2] Of the 33 incorrect adjustments, 21 erroneously reduced the overpayment balances by $94,767. Accordingly, we project SSA processed 34,180 manual adjustments of $20,000 or less that incorrectly reduced overpayment balances by over $154 million in Fiscal Years (FY) 2013 through 2016 (see Table B–3 and Table B–4).

[1] The Master Beneficiary Record is divided into 20 segments based on the last 2 digits of the beneficiaries' Social Security numbers. One segment of the MBR represents 5 percent of the total population of beneficiaries. Because each segment contains similar characteristics, the results of the audit are representative of the entire population.

[2] We excluded three additional incorrect adjustments with error amounts under $10 because we considered the error amounts immaterial.

Table B–3: Quantity of Adjustments of $20,000 or Less with Incorrect Reductions

Description	Number of Incorrect Manual Adjustments
Sample Results (for 1 segment)	21
Projected Quantity (for 1 segment)	1,709
Projection – Lower Limit	1,185
Projection – Upper Limit	2,340
Population Estimate (Projected Quantity x 20 segments)	34,180

Note: All projections are at the 90-percent confidence level.

Table B–4: Amount of Incorrect Reductions for Adjustments of $20,000 or Less

Description	Incorrect Reductions
Sample Results (for 1 segment)	$94,767
Point Estimate (for 1 segment)	$7,710,214
Projection – Lower Limit	$3,538,355
Projection – Upper Limit	$11,882,073
Population Estimate (Projected Quantity x 20 segments)	$154,204,280

Note: All projections are at the 90-percent confidence level.

The remaining 12 adjustments erroneously increased the overpayment balances by $24,429. Thus, we project SSA processed 19,520 manual adjustments that incorrectly increased overpayment balances by almost $40 million in FYs 2013 through 2016 (see Table B–5 and Table B–6).

Table B–5: Quantity of Adjustments of $20,000 or Less with Incorrect Increases

Description	Number of Incorrect Manual Adjustments
Sample Results (for 1 segment)	12
Projected Quantity (for 1 segment)	976
Projection – Lower Limit	578
Projection – Upper Limit	1,519
Population Estimate (Projected Quantity x 20 segments)	19,520

Note: All projections are at the 90-percent confidence level.

Table B–6: Amount of Incorrect Increases for Adjustments of $20,000 or Less

Description	Incorrect Increases
Sample Results (for 1 segment)	$24,429
Point Estimate (for 1 segment)	$1,987,510
Projection – Lower Limit	$855,869
Projection – Upper Limit	$3,119,151
Population Estimate (Projected Quantity x 20 segments)	$39,750,200

Note: All projections are at the 90-percent confidence level.

Overpayments Adjusted by Greater Than $20,000

From our sample of 100 adjustments greater than $20,000, 38 were incorrect. Of the 38 incorrect adjustments, 22 erroneously reduced the overpayment balances by $542,674. Accordingly, we project SSA processed 4,960 manual adjustments greater than $20,000 that incorrectly reduced overpayment balances by over $122 million in FYs 2013 through 2016 (see Table B–7 and Table B–8).

Table B–7: Quantity of Adjustments Greater Than $20,000 with Incorrect Reductions

Description	Number of Incorrect Manual Adjustments
Sample Results (for 1 segment)	22
Projected Quantity (for 1 segment)	248
Projection – Lower Limit	177
Projection – Upper Limit	333
Population Estimate (Projected Quantity x 20 segments)	4,960

Note: All projections are at the 90-percent confidence level.

Table B–8: Amount of Incorrect Reductions for Adjustments of Greater than $20,000

Description	Incorrect Reductions
Sample Results (for 1 segment)	$542,674
Point Estimate (for 1 segment)	$6,121,359
Projection – Lower Limit	$3,475,600
Projection – Upper Limit	$8,767,119
Population Estimate (Projected Quantity x 20 segments)	$122,427,180

Note: All projections are at the 90-percent confidence level.

The remaining 16 adjustments erroneously increased the overpayment balances by $146,944. Thus, we project SSA processed 3,600 manual adjustments that incorrectly increased overpayment balances by over $33 million from FYs 2013 through 2016 (see Table B–9 and Table B–10).

Table B–9: Quantity of Adjustments Greater than $20,000 with Incorrect Increases

Description	Number of Incorrect Manual Adjustments
Sample Results (for 1 segment)	16
Projected Quantity (for 1 segment)	180
Projection – Lower Limit	119
Projection – Upper Limit	259
Population Estimate (Projected Quantity x 20 segments)	3,600

Note: All projections are at the 90-percent confidence level.

Table B–10: Amount of Incorrect Increases for Adjustments Greater than $20,000

Description	Incorrect Increases
Sample Results (for 1 segment)	$146,944
Point Estimate (for 1 segment)	$1,657,533
Projection – Lower Limit	$470,501
Projection – Upper Limit	$2,844,566
Population Estimate (Projected Quantity x 20 segments)	$33,150,660

Note: All projections are at the 90-percent confidence level.

Total Overpayment Adjustment Errors

From our 200 sampled overpayment adjustments, 71 (36 percent) incorrectly adjusted overpayments resulting in errors totaling $808,814. Of the 71 incorrect adjustments, employees incorrectly reduced 43 overpayment balances by $637,441. Accordingly, we project employees processed 39,140 manual adjustments that incorrectly reduced overpayment balances by over $276 million in FYs 2013 through 2016 (see Table B–11).

Table B–11: Total Overpayment Adjustments with Incorrect Reductions

Sampling Frame	Number of Incorrect Adjustments in Sample	Amount of Incorrect Reductions in Sample	Number of Incorrect Manual Adjustments in Population	Amount of Incorrect Reductions in Population
Adjustments from $1,000 to $20,000 (see Table B–3 and Table B–4)	21	$94,767	34,180	$154,204,280
Adjustments Greater than $20,000 (see Table B–7 and Table B–8)	22	$542,674	4,960	$122,427,180
Total	**43**	**$**637,441	39,140	**$**276,631,460

The remaining 28 erroneously increased overpayment balances by $171,373. Thus, we project employees processed 23,120 manual adjustments that incorrectly increased overpayment balances by almost $73 million in FYs 2013 through 2016 (see Table B–12).

Table B–12: Total Overpayment Adjustments with Incorrect Increases

Sampling Frame	Number of Incorrect Adjustments in Sample	Amount of Incorrect Increases in Sample	Number of Incorrect Manual Adjustments in Population	Amount of Incorrect Increases in Population
Adjustments from $1,000 to $20,000 (see Table B–5 and Table B–6)	12	$24,429	19,520	$39,750,200
Adjustments Greater than $20,000 (see Table B–9 and Table B–10)	16	$146,944	3,600	$33,150,660
Total	**28**	**$**171,373	23,120	**$**72,900,860

Appendix C – AGENCY COMMENTS

SOCIAL SECURITY

MEMORANDUM

Date: March 30, 2018 Refer To: S1J-3

To: Gale S. Stone
Acting Inspector General

Stephanie Hall

From: Stephanie Hall
Acting Deputy Chief of Staff

Subject: Office of the Inspector General Draft Report, "Manual Adjustments to Old-Age, Survivors and Disability Insurance Overpayments" (A-07-18-50294) -- INFORMATION

Thank you for the opportunity to review the draft report. Please see our attached comments.

Please let me know if we can be of further assistance. You may direct staff inquiries to Gary S. Hatcher at (410) 965-0680.

Attachment

COMMENTS ON THE OFFICE OF THE INSPECTOR GENERAL DRAFT REPORT, "MANUAL ADJUSTMENTS TO OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE OVERPAYMENTS" (A-07-18-50294)

Through our information technology modernization efforts, the agency is currently working to improve the process to report, collect, store, and monitor debt activity. Possible solutions to improve overpayment-related actions will involve significant resource investments in new technology and automation over several years. In the meantime, we have dedicated staff in our processing centers to address the need for employee training, policy improvements, and system enhancements.

Below are our responses to the recommendations.

Recommendation 1

Take appropriate actions on the 71 overpayments we identified that employees incorrectly reduced or increased.

Response

We agree.

Recommendation 2

Determine the cost-effectiveness of reviewing additional manually adjusted overpayments that may need correction, focusing on overpayments adjusted by greater than $20,000 to target larger dollar errors

Response

We agree.

Recommendation 3

Provide employees additional training on computing and verifying the validity of actions on overpayments that need to be adjusted, including training on Manual Adjustment, Credit, and Award Date Entry (MACADE) inputs for overpayment adjustments and deletions.

Response

We agree.

Recommendation 4

Identify error-prone MACADE inputs for overpayment adjustments and consider the cost-effectiveness of establishing user messages to alert employees of common errors before they complete their inputs.

Response

We agree.

MISSION

By conducting independent and objective audits, evaluations, and investigations, the Office of the Inspector General (OIG) inspires public confidence in the integrity and security of the Social Security Administration's (SSA) programs and operations and protects them against fraud, waste, and abuse. We provide timely, useful, and reliable information and advice to Administration officials, Congress, and the public.

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