



Office of the Inspector General

SOCIAL SECURITY ADMINISTRATION

Audit Report

Follow-up on Controls over Special Payment Amount Overpayments for Social Security Beneficiaries

A-09-19-50794 September 2022



Office of the Inspector General

SOCIAL SECURITY ADMINISTRATION

MEMORANDUM

Date: September 29, 2022

Refer to: A-09-19-50794

To: Kilolo Kijakazi
Acting Commissioner

From: Gail S. Ennis, 
Inspector General

Subject: Follow-up on Controls over Special Payment Amount Overpayments for Social Security Beneficiaries

The attached final report presents the results of the Office of Audit's review. The objective was to determine whether the Social Security Administration's corrective actions in response to our prior audits effectively improved its processing of special payment amount overpayments on the Master Beneficiary Record.

Please provide within 60 days a corrective action plan that addresses each recommendation. If you wish to discuss the final report, please call me or have your staff contact Michelle L. Anderson, Assistant Inspector General for Audit.

Attachment

Follow-up on Controls over Special Payment Amount Overpayments for Social Security Beneficiaries

A-09-19-50794



September 2022

Office of Audit Report Summary

Objective

To determine whether the Social Security Administration's (SSA) corrective actions in response to our prior audits effectively improved its processing of special payment amount (SPA) overpayments on the Master Beneficiary Record (MBR).

Background

SSA may temporarily record an overpayment as an SPA on the MBR when it retroactively suspends, terminates, or reduces a beneficiary's monthly benefit amount. An SSA employee must determine whether the SPA is a valid overpayment and whether to remove it from the MBR and record it in SSA's Recovery of Overpayments, Accounting and Reporting system (ROAR). SSA's system generates alerts for employees to review, and take proper action to resolve, the SPA on the MBR. SSA also conducts an annual clean-up operation to ensure SSA employees have resolved the SPAs.

In September 2009 and May 2015 audits, we found SSA did not always properly resolve SPA overpayments. In addition, in a March 2020 audit, we found SSA employees incorrectly processed SPA alerts.

For our current review, we identified 38,766 beneficiaries in suspended, terminated, or other non-payment status who had an SPA overpayment of \$500 or more on the MBR.

Results

SSA's actions in response to our prior reports were not fully effective in improving its processing of SPA overpayments. Based on our random sample, we estimate SSA did not:

- initiate recovery actions from 16,669 beneficiaries whom the Agency overpaid approximately \$73 million and
- remove SPA overpayments totaling approximately \$14.2 million for 2,714 beneficiaries.

This occurred because SSA: (1) systems did not always generate an alert to notify employees to review and resolve the overpayment; (2) employees did not properly review and initiate recovery actions to resolve the SPAs; or (3) employees did not remove the SPAs from the MBR when they initiated recovery or resolved the overpayment.

Recommendations

We recommend SSA:

1. Establish overpayments in ROAR, initiate recovery actions, and remove the SPAs from the MBR, as appropriate, for the remaining beneficiaries identified by our audit.
2. Modify its system to ensure it alerts SSA employees to review and resolve SPAs for beneficiaries in suspended or other non-payment status.
3. Improve controls to ensure employees properly resolve SPAs in a timely manner, such as establishing more timely periodic or follow-up alerts.

SSA agreed with Recommendation 1 but disagreed with Recommendations 2 and 3.

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ABBREVIATIONS

FY	Fiscal Year
MBR	Master Beneficiary Record
OIG	Office of the Inspector General
PC	Processing Center
POMS	Program Operations Manual System
ROAR	Recovery of Overpayments, Accounting and Reporting
SPA	Special Payment Amount
SSA	Social Security Administration
T2R	Title II Redesign
U.S.C.	United States Code

OBJECTIVE

Our objective was to determine whether the Social Security Administration's (SSA) corrective actions in response to our prior audits effectively improved its processing of special payment amount (SPA) overpayments on the Master Beneficiary Record (MBR).

BACKGROUND

SSA administers the Old-Age, Survivors and Disability Insurance program to provide monthly benefits to retired and disabled workers, including their dependents and survivors.¹

According to SSA policy, an overpayment is the total amount a beneficiary receives for any period that exceeds the total amount SSA should have paid.² After SSA determines an overpayment has been made, the overpaid amount is a debt owed the Government.³

SSA may temporarily record an overpayment as an SPA on the MBR when it retroactively suspends, terminates, or reduces a beneficiary's monthly benefits. Once an SPA is recorded on the MBR, an SSA employee must determine whether the SPA represents a valid overpayment and, if so, remove it from the SPA and record it in SSA's Recovery of Overpayments, Accounting and Reporting (ROAR) system. ROAR controls all overpayment recovery actions until they are repaid or otherwise resolved.

SSA's Title II Redesign (T2R) System generates one-time alerts for employees to review and resolve SPA overpayments on the MBR for terminated beneficiaries. An alert is generated when (1) a new SPA is established on the MBR, (2) there was a change in an existing SPA, or (3) there was an update to the MBR with an SPA.⁴ In October of each year, SSA conducts an SPA clean-up operation that selects beneficiaries in suspended, terminated, or other non-payment status with unresolved SPA overpayments on the MBR where SSA has taken no action for at least 3 years.⁵ The clean-up operation alerts SSA employees to resolve the identified SPAs and, if necessary, record overpayments in ROAR and initiate recovery. Additionally, SSA generates an annual list of SPAs that were in the previous year's clean-up operation but have not been corrected.

¹ 42 U.S.C. § 401.

² SSA, *POMS*, GN 02201.001, A and C (December 22, 2021).

³ See Footnote 2.

⁴ The system does not generate an alert if the update to the MBR is over 2-years-old and results in (1) the reduction of an SPA or (2) no change to the existing SPA.

⁵ SSA stated identifying cases less than 3-years-old would significantly increase employee workload. As a result, SSA employees would not be able to timely address the cases in their workload.

Prior Audits

In a September 2009 audit,⁶ we found SSA needed to improve controls over SPA overpayments to ensure it initiated recovery actions timely and controlled overpayments until recovered or otherwise resolved. We estimated SSA: (1) overpaid 11,840 beneficiaries about \$65.3 million for which it had not initiated recovery actions and (2) should have removed SPAs for 4,840 beneficiaries totaling about \$27.5 million. We recommended SSA: (1) establish overpayments in ROAR and initiate recovery actions for the beneficiaries identified by our audit; (2) remove SPAs from the MBR for the beneficiaries identified by our audit; (3) improve compliance to ensure SPA alerts are reviewed and resolved timely; and (4) modify the selection criteria for the annual SPA clean-up project to include dually and technically entitled beneficiaries whose benefits have been suspended. As of August 2013, SSA considered all of these recommendations implemented.

Although SSA implemented the 2009 audit recommendations, in a May 2015 follow-up audit,⁷ we continued to find SSA did not always properly resolve SPA overpayments. We estimated SSA: (1) overpaid 9,222 beneficiaries about \$31 million for which it had not initiated recovery actions and (2) should have removed SPAs for 1,892 beneficiaries totaling about \$18.3 million. We recommended SSA: (1) take appropriate action to establish overpayments in ROAR and initiate recovery actions for the beneficiaries identified by our audit; (2) take appropriate action to remove SPAs from the MBR for the beneficiaries identified by our audit; and (3) improve controls to ensure employees properly resolve SPAs in a timely manner. As of January 2018, SSA considered all of these recommendations implemented.

In a March 2020 audit,⁸ we found SSA employees incorrectly processed SPA alerts. We recommended SSA: (1) update its policy to require that processing center (PC) employees document their reasons for clearing alerts without taking corrective action; (2) implement a quality review that focuses specifically on manually processed T2R alerts to ensure the accuracy of the workload improves; and (3) monitor training and quality initiatives to determine whether they improve T2R alert processing accuracy and, if not, revise the initiatives. SSA agreed with the three recommendations. As of March 2021, SSA considered Recommendation 1 implemented. As of August 2022, the remaining two recommendations were still open.

In response to our prior audits, SSA stated it was not feasible to generate alerts to follow-up on SPA overpayments because reminders are issued every year to work these cases. SSA also stated it issued a reminder to employees in January 2018 on the importance of timely handling SPAs. In addition, SSA began generating an annual list of SPAs that were in the previous year's clean-up operation but had not been corrected.

See Appendix B for additional details about the recommendations in our prior reports and the Agency's actions to implement them.

⁶ SSA, OIG, [Controls over "Special Payment Amount" Overpayments for Title II Beneficiaries](#), A-09-09-29011 (September 2009).

⁷ SSA, OIG, [Controls over "Special Payment Amount" Overpayments for Title II Beneficiaries](#), A-09-13-23098 (May 2015).

⁸ SSA, OIG, [Manual Actions on Old-Age, Survivors and Disability Insurance Post-entitlement Alerts](#), A-07-18-50621 (March 2020).

Methodology

For our current review, we identified 38,766 beneficiaries in suspended, terminated, or other non-payment status who had SPA overpayments of \$500 or more on the MBR as of February 2019.⁹ The total SPAs for the 38,766 beneficiaries were approximately \$193.7 million. From this population, we selected a random sample of 100 beneficiaries for review. In addition, we assessed the reliability of the computer-processed data from the MBR and determined the data were sufficiently reliable for the purposes of this report.¹⁰

RESULTS OF REVIEW

SSA's enhancements made in response to our prior reports were not fully effective in improving its processing of SPA overpayments. The Agency did not always identify and resolve SPA overpayments on the MBR. For the 100 beneficiaries in our sample:

- 43 were overpaid, but SSA had not initiated recovery actions as of May 2020;
- 7 had overpayments established in ROAR or recovery had been initiated, but SSA had not removed the SPAs from the MBR as of May 2020; and
- 50 had SPAs that SSA properly recovered or resolved as of May 2020.

Based on our sample results, we estimate SSA should have initiated recovery actions from 16,669 beneficiaries whom SSA overpaid approximately \$73 million. In addition, SSA did not remove from the MBR SPA overpayments totaling approximately \$14.2 million for 2,714 beneficiaries.

This occurred because SSA's (1) systems did not always generate alerts to notify employees to review and resolve the overpayments, (2) employees did not properly review and initiate recovery actions to resolve the SPAs, or (3) employees did not remove the SPAs from the MBR when they initiated recovery or resolved the overpayments.

Overpayments for Which the Agency Had Not Initiated Recovery

Of 100 beneficiaries, 43¹¹ were overpaid \$188,993; however, SSA did not establish these overpayments in ROAR. This resulted in the overpayments going unresolved for an average of 1,584 days (approximately 4.3 years). Of the 43 SPAs:

- SSA's T2R system did not generate alerts to notify SSA employees to resolve 31 because they were in suspended or other non-payment status.
- SSA's T2R system generated alerts for four; however, SSA employees did not remove the SPAs from the MBR and establish them in ROAR.¹²

⁹ The SPA on the MBR could be an overpayment, underpayment, or deferred payment. For our audit, we only reviewed SPA overpayments.

¹⁰ For additional information about our scope and methodology, see Appendix A.

¹¹ Of the 43 SPAs, 39 remained on the MBR as of as of May 2020.

¹² As of May 2021, one of the SPAs had been resolved and three had not because the alerts were incorrectly processed or deleted.

- SSA's system should have generated an alert for four because the beneficiaries were in terminated pay status. SSA could not determine whether alerts were generated. SSA stated the alerts may have been removed from Paperless,¹³ which generally retains alerts for 120 days after completion. SSA added that the lack of evidence does not indicate an alert never generated.
- SSA removed four SPAs from the MBR but did not establish them in ROAR.

We also found that SSA's October 2019 clean-up operation¹⁴ did not generate alerts for 36 SPAs that remained on the MBR because the date of the last change made to the MBR was less than 3-years-old. For one SPA, the date of the last change made to the MBR was more than 3-years-old, but SSA did not identify the SPA in the clean-up operation. The clean-up operation generated alerts for the remaining two SPAs; however, SSA employees did not remove the SPAs from the MBR and establish them in ROAR.

For example, in July 2018, a widowed beneficiary reported her estimated 2018 earnings would exceed the annual earnings exemption. Based on her estimated earnings, she was not eligible for the benefits SSA paid her from January through June 2018. The Agency recorded a \$4,848 SPA.¹⁵ SSA recorded the actual earnings on the MBR in July 2019 but did not remove the SPA from the MBR or establish it in ROAR to initiate recovery efforts. The system did not generate an alert because her benefits had been suspended. In addition, because SSA's clean-up operation only identifies SPAs that are on the MBR for at least 3 years, the operation would not have identified the overpayment until October 2021.¹⁶

Special Payment Amounts the Agency Should Remove

For seven beneficiaries, SSA employees did not remove MBR SPAs totaling \$36,661. These SPAs remained unresolved for an average of 1,362 days (approximately 3.7 years). SSA employees properly established the overpayments in ROAR or initiated recovery; however, they should have removed these SPAs from the MBR to prevent improper recovery or withholding of these amounts from future benefits that may be payable to the beneficiaries.

Additionally, SSA's October 2019 clean-up operation did not identify five of the seven SPAs because the date of the last change made to the MBR was within the last 3 years. The clean-up operation generated alerts for the remaining two SPAs; however, SSA employees did not remove the SPAs from the MBR.

¹³ Paperless allows employees to electronically view, track, route, and transfer action-related documents.

¹⁴ In October 2019, SSA conducted an SPA clean-up operation that selected 5,783 beneficiaries in suspended, terminated, or other non-payment status who had SPA overpayments on the MBR that were not resolved for at least 3 years. The operation generated alerts for each beneficiary and notified SSA employees to resolve the SPAs.

¹⁵ The SPA should remain on the MBR until SSA receives the actual earnings report to determine the validity of the overpayment.

¹⁶ As of June 2022, SSA resolved the SPA.

For example, in January 2018, SSA suspended a beneficiary's disability payments beginning June 2017 because her earnings exceeded the monthly allowable amount.¹⁷ Based on the earnings, she was not eligible for the benefits SSA paid her from June through December 2017. The Agency recorded a \$684 SPA and established the overpayment in ROAR. SSA systems did not generate an alert because her benefits were suspended. In addition, SSA's clean-up operation did not identify the SPA in October 2020 because the date of the last change made to the MBR was January 2018. Therefore, the clean-up operation would not identify the overpayment until October 2021.¹⁸

Control Deficiencies over Special Payment Amounts

SSA's controls over SPAs were not sufficient to ensure it timely resolved and established overpayments in ROAR to initiate recovery. SSA should promptly initiate the overpayment collection process when the overpayment is discovered to maximize the amount of debt recovered.

SSA's T2R system generated alerts to notify employees to resolve SPAs for terminated beneficiaries but not for beneficiaries in suspense or non-payment status. SSA's system generated these alerts for beneficiaries in suspense or non-payment status before June 2012. However, SSA stated the functionality was removed to reduce the number of alerts and employee workload. Of the 50 unresolved SPAs identified in our current audit, 74 percent of the beneficiaries were in suspense or non-payment status. As a result, SSA should reconsider its decision to not generate alerts for beneficiaries in suspended or non-payment status.

Additionally, SSA's annual clean-up operation did not identify cases less than 3-years-old; therefore, it did not ensure employees reviewed and resolved SPAs timely. SSA stated it determined identifying cases less than 3-years-old would significantly increase the number of cases that would be selected for review and SSA employees would not be able to timely address the cases in their workload. Because of these control deficiencies, SSA employees did not always timely review and resolve SPAs.

SSA should modify its system alerts to include beneficiaries in suspended or non-payment status and revise the selection criteria for the SPA clean-up operation to include overpayments less than 3-years-old or reconsider generating follow-up alerts. These revisions should ensure employees timely resolve SPAs.

¹⁷ A disabled beneficiary must be unable to engage in substantial gainful activity. SSA suspends benefits when a disabled beneficiary has earnings more than the monthly allowable amount, which is considered engaging in substantial gainful activity.

¹⁸ As of August 2022, SSA did not remove the SPA from the MBR.

Agency Actions in Response to Our Prior Reports

We selected a random sample of 50 beneficiaries from our prior audit population to determine whether SSA properly resolved the SPAs. SSA took corrective action for 42 beneficiaries but did not properly resolve \$7,673 in SPAs for 8. For these eight, SSA employees removed the SPAs from the MBR but did not establish the overpayments in ROAR.

In response to one of the three recommendations in our March 2020 report that relate to SPA alerts, in February 2021, the Agency revised its policy to require that employees document reasons for clearing alerts without taking corrective actions. SSA has not taken corrective actions to address the remaining two recommendations to: (1) implement a quality review focused on manually processed alerts to ensure the accuracy of the workload improves and (2) monitor training and quality initiatives to determine whether they improve alert processing accuracy and, if not, revise the initiative. Implementing these recommendations should ensure SSA employees properly process and resolve SPAs alerts.

Agency Actions Resulting from this Audit

In April and June 2020, we provided SSA 50 of our sampled beneficiaries whose records required corrective action. As of June 2022, SSA had taken action to remove the SPAs from the MBR and initiate recovery in ROAR or removed SPAs from the MBR for 27 cases. However, as of June 2022, SSA had not taken corrective action for the remaining 23.

RECOMMENDATIONS

We recommend that SSA:

1. Establish overpayments in ROAR, initiate recovery actions, and remove the SPAs from the MBR, as appropriate, for the remaining beneficiaries identified by our audit.
2. Modify its system to ensure it alerts SSA employees to review and resolve SPAs for beneficiaries in suspended or other non-payment status.
3. Improve controls to ensure employees properly resolve SPAs in a timely manner, such as establishing more timely periodic or follow-up alerts.

AGENCY COMMENTS AND OFFICE OF THE INSPECTOR GENERAL RESPONSE

SSA agreed with Recommendation 1 but disagreed with Recommendations 2 and 3. Regarding Recommendation 2, SSA stated its system generates SPA alerts for beneficiaries in non-payment status, and it takes action annually to address SPAs from previous years that were not corrected during the regular process. However, our audit demonstrated the Agency's controls were not sufficient to ensure employees are alerted to SPAs for beneficiaries in suspended or other non-payment status. We continue to believe SSA should modify its system to alert employees to these records so they may be resolved.

Regarding Recommendation 3, SSA stated it has three controls to ensure resolution of SPAs, and it is not feasible to establish additional goals without affecting other workloads. We acknowledge SSA has some controls in place to address SPAs; however, our audit demonstrated those controls were not sufficient to ensure the Agency timely resolved SPAs. We continue to believe SSA should improve its controls to ensure employees resolve SPAs in a timely manner to maximize the amount of overpayments the Agency is able to recover. The Agency's comments are included in Appendix D.

A handwritten signature in black ink that reads "Michelle L. Anderson". The signature is written in a cursive, flowing style.

Michelle L. Anderson
Assistant Inspector General for Audit

APPENDICES

Appendix A – SCOPE AND METHODOLOGY

We obtained from the Social Security Administration's (SSA) Master Beneficiary Record (MBR) a data extract of beneficiaries with special payment amount (SPA) overpayments as of February 2019. Using this information, we identified 38,766 beneficiaries with SPAs of \$500 or more and dates of suspension or termination between January 2013 and February 2019. From this population, we selected a random sample of 100 beneficiaries for review.

To accomplish our objective, we:

- reviewed the applicable sections of the *Social Security Act*, *Code of Federal Regulations*, the *United States Code*, and SSA's *Program Operations Manual System*;
- corresponded with SSA employees from the Offices of Operations and Systems;
- reviewed queries from SSA's MBR and Payment History Update System for each sample item; and
- reviewed SSA's Claims Folder Records Management, Paperless, and Online Retrieval Systems to determine the actions SSA had taken.

We assessed the significance of internal controls necessary to satisfy the audit objective. This included an assessment of the five internal control components, including control environment, risk assessment, control activities, information and communication, and monitoring. In addition, we reviewed the principles of internal controls associated with the audit objective. We identified the following component and principles as significant to the audit objective.

- Component 3: Control Activities
 - a. Principle 10: Design control activities
 - b. Principle 12: Implement control activities

We assessed the reliability of the computer-processed data from the MBR by performing electronic testing and reviewing existing information about the data and the system that produced them. We also traced a statistically random sample of data to source documents. We determined that the data were sufficiently reliable for the purposes of this report.

We conducted our audit work from April 2020 to June 2022. The entities audited were the Offices of the Deputy Commissioners for Operations and Systems. 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 our findings and conclusions based on our audit objective. We believe the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

Appendix B – PRIOR OFFICE OF THE INSPECTOR GENERAL AUDITS

Manual Actions on Old-Age, Survivors and Disability Insurance Post-entitlement Alerts ([A-07-18-50621](#)), March 2020

Audit Findings

In a March 2020 audit, we found Social Security Administration (SSA) employees incorrectly processed Old-Age, Survivors and Disability Insurance post-entitlement alerts.¹ Based on our review, we estimate SSA employees: (1) incorrectly processed approximately 318,000 alerts resulting in approximately \$1.3 billion in improper payments and (2) incorrectly processed approximately 237,000 alerts that did not result in improper payments. This occurred because, in some instances, employees took incorrect manual actions because they did not—for unknown reasons—follow the provided instructions when they processed alerts. In other instances, employees may have incorrectly processed the alerts because of vague and generic alert language and corresponding written instructions. Additionally, employees cleared alerts without taking corrective actions. SSA does not require that employees document why they did not take corrective action on alerts.

Audit Recommendations

Of the seven recommendations we made, three relate to special payment amounts (SPA). Those recommendations and statuses are as follows:

1. Update its policy to require processing center (PC) employees document their reasons for clearing alerts without taking corrective action.

SSA agreed to implement our recommendation. In response to our draft report, SSA stated, “We will provide more detailed policy guidance to our technicians and emphasize the importance of resolving these alerts and documenting our actions.” On February 9, 2021, SSA published GN 02602.005, *Post-Entitlement Changes that Affect Payment of Title II Benefits*, requiring that employees document their reasons for clearing alerts without taking corrective actions.

As of March 2021, SSA considered this recommendation implemented.

¹ Of the 200 random sample cases reviewed for this audit, 2 were SPA alerts.

2. Implement a quality review focused specifically on manually processed Title 2 Redesign (T2R) alerts to ensure the accuracy of the workload improves.

SSA agreed to implement our recommendation. In response to our draft report, SSA stated, “We implemented a national quality review process that will include random reviews of post entitlement actions completed by PC technicians.” In April 2020, SSA stated it assessed the feasibility to conduct a quality review focused specifically on manually processed T2R alerts to ensure the accuracy of this workload improves in Fiscal Year (FY) 2020; however, because of operational challenges caused by COVID-19, SSA stated it will defer and reassess the feasibility for this quality review to FY 2021. SSA stated it would extend the deferment to FY 2022 because of the ongoing operational challenges caused by COVID-19.

In April 2022, SSA stated it: (1) developed a T2R alerts quality review plan for a statistically valid review of 400 cases and (2) will continue preparatory work, specifically focusing on developing the study in their quality review system, and begin to train reviewers to conduct the study. According to SSA, it plans to conduct the review in FY 2022.

As of April 2022, SSA considered this recommendation open.

3. Monitor training and quality initiatives to determine whether they improve T2R alert processing accuracy and, if not, revise the initiatives.

SSA agreed to implement our recommendation. In response to our draft report, SSA stated, “We recognize that manual processing of post-entitlement actions is error prone. As a result, we recently provided refresher training to technicians on using automation tools to improve the accuracy of these actions . . . We will provide more detailed policy guidance to our technicians and emphasize the importance of resolving these alerts and documenting our actions. Additionally, through various automation initiatives, we will continue our efforts to reduce or eliminate manual actions in the PCs.”

In FY 2020, SSA stated it planned to work with the Old-Age, Survivors and Disability Insurance workgroup to identify and monitor training and quality initiatives. As of May 2022, SSA stated the workgroup continues to meet regularly to discuss various issues related to T2R, analyze alerts that may benefit from updated policy information, and provide its suggestions to the appropriate components. According to SSA, live training was completed in November 2021 and released the video-on-demand for use throughout the PCs. In addition, SSA stated it is monitoring T2R alert accuracy.

As of May 2022, SSA considered this recommendation open.

Controls over “Special Payment Amount” Overpayments for Title II Beneficiaries (A-09-13-23098), May 2015

Audit Findings

Since our 2009 audit, SSA had reduced the number of overpaid beneficiaries and amount of SPA overpayments for which it had not initiated recovery actions. Similarly, the number and amount of erroneous overpayments on the MBR had decreased. However, SSA’s controls did not always ensure it initiated recovery actions timely and tracked overpayments until recovered or otherwise resolved. Based on our random sample, we estimated SSA overpaid 9,222 beneficiaries about \$31 million for which it had not initiated recovery actions and should have removed from the MBR erroneous SPA overpayments, totaling about \$18.3 million, for 1,892 beneficiaries.

This occurred because SSA employees did not review the SPA overpayments or resolve the SPA overpayment alerts. We also found SSA could improve its overpayment collection efforts by producing follow-up alerts for SPA overpayments and/or by revising the clean-up project to identify and select SPA overpayments sooner.

Audit Recommendations

1. Take appropriate action to establish overpayments in Recovery of Overpayments, Accounting and Reporting system (ROAR) and initiate recovery actions for the 39 beneficiaries identified by our audit.

SSA agreed to implement our recommendation. In response to our draft report, SSA stated, “We will establish overpayments for the 39 beneficiaries in ROAR and develop the cases according to our policy. We will take corrective action by September 30, 2015.” As of September 21, 2015, SSA stated it reviewed the records, deleted the SPA fields, and established the overpayments in ROAR.

As of September 2015, SSA considered this recommendation implemented.

2. Take appropriate action to remove erroneous SPA overpayments from the MBR for the eight beneficiaries identified by our audit.

SSA agreed to implement our recommendation. In response to our draft report, SSA stated, “We will take corrective action on the eight beneficiaries by September 30, 2015.” As of September 21, 2015, SSA stated it reviewed the records and deleted the SPA fields.

As of September 2015, SSA considered this recommendation implemented.

3. Improve controls to ensure employees properly resolve SPA overpayments in a timely manner.

SSA agreed to implement our recommendation. In response to our draft report, SSA stated, “We have begun inter-component discussions to determine a cost-effective approach for making business process and systems changes to further improve our timeliness in identifying and resolving SPA overpayments so that we initiate recovery actions appropriately.”

In January 2018, SSA stated it studied their annual SPA clean-up project and identified an opportunity to improve controls over the cases selected. During the study, SSA determined that although the SPA clean-up project provided necessary alerts, it did not have the ability to track which cases were “repeat offenders” and were not completed in prior years. As a result, SSA created a new annual report that lists cases that were detected in previous SPA clean-ups and continued to appear in the current years’ SPA clean-up. This report provides a tool to quickly identify cases that have remained pending for multiple years. In addition, SSA reminded staff of the importance of timely handling and will continue evaluating opportunities to prioritize their workloads to ensure timely handling of all workloads to improve their collection efforts.

As of January 2018, SSA considered this recommendation implemented.

Controls over “Special Payment Amount” Overpayments for Title II Beneficiaries (A-09-09-29011), September 2009

Audit Findings

We found SSA did not always properly establish valid overpayments in ROAR or remove erroneous SPA overpayments from the MBR. We estimated that: (1) 11,840 beneficiaries received \$65.3 million in overpayments for which SSA had not initiated or pursued recovery actions; and (2) 4,840 beneficiaries had \$27.5 million in erroneous SPA overpayments that should have been removed from the MBR. In addition, we found SSA could improve its annual clean-up project by identifying and selecting additional SPA overpayments on the MBR for review.

Audit Recommendations

1. Establish overpayments in ROAR and initiate or pursue recovery actions for the 93 beneficiaries identified by our audit.

SSA agreed to implement our recommendation. In response to our draft report, SSA stated, “We will take action on these cases by December 2009.” As of August 2013, SSA stated it took action on all 93 cases and all cases were completed.

As of August 2013, SSA considered this recommendation implemented.

2. Remove erroneous SPA overpayments from the MBR for the 38 beneficiaries identified by our audit.

SSA agreed to implement our recommendation. In response to our draft report, SSA stated, “We will take action on these cases by December 2009.”

As of May 2012, SSA stated it had taken action on all the cases and considered this recommendation implemented.

3. Improve compliance to ensure SPA overpayment alerts are reviewed and resolved in a timely manner.

SSA agreed to implement our recommendation. In response to our draft report, SSA stated, "We will investigate the feasibility of creating a follow-up alert by November 2009. If the creation of a follow-up alert is not feasible, we will issue a reminder to staff to process SPA overpayment alerts."

On October 22, 2010, SSA stated it was not feasible to do a follow-up alert, because the SPA project is a cyclical project and the PCs issue a reminder every year to work these cases. On March 31, 2011, SSA stated the PCs control the cases by age in the Processing Center Action Control System. Additionally, if the PC does not work an SPA case during the cyclical run of one year, the PC receives an alert the next year. SSA sent out a memo every year to PCs requesting changes to the SPA alert project and each PC issues a reminder to staff to work cases.

As of October 2010, SSA considered this recommendation implemented.

4. Modify the selection criteria for the annual SPA clean-up project to include dually and technically entitled beneficiaries whose benefits have been suspended.

SSA agreed to implement our recommendation. In response to our draft report, SSA stated, "We will identify additional selection criteria for use during the SPA clean-up project and will modify the selection criteria as resources allow."

As of June 2010, SSA included new criteria for the 2010 SPA alert project to generate alerts for dually entitled cases greater than \$10 where the date of the last change made to the MBR was between January 1, 1978 and December 31, 2007.

As of June 2010, SSA considered this recommendation implemented.

Appendix C – SAMPLING METHODOLOGY AND RESULTS

To conduct this review, we used a simple random sample statistical approach. This is a standard statistical approach used to create a sample from a population completely at random. As a result, each sample item had an equal chance of being selected throughout the sampling process, and the selection of one item had no impact on the selection of other items. Therefore, we were guaranteed to choose a sample that represented the population, absent human biases, and ensured statistically valid conclusions of, and projections to, the entire population under review. Our sampling approach for this review ensures that our reported projections are statistically sound and defensible.

From the Social Security Administration's (SSA) Master Beneficiary Record (MBR), we obtained a data extract of beneficiaries with special payment amount (SPA) overpayments as of February 2019. Using this information, we identified 38,766 beneficiaries with SPAs of \$500 or more and dates of suspension or termination between January 2013 and February 2019. Our population excludes beneficiaries whose benefits were terminated for death.

Table C-1: Population and Sample Size

Description	Beneficiaries
Population Size	38,766
Sample Size	100

Overpayments for Which the Agency Had Not Initiated Recovery

For 43 of 100 beneficiaries in our sample, SSA did not establish \$188,993 in overpayments in the Recovery of Overpayments, Accounting and Reporting System. Projecting our sample results to the population of 38,766 beneficiaries, we estimate that SSA overpaid 16,669 beneficiaries approximately \$73 million for which it had not initiated recovery actions.

Table C-2: Overpayment Recovery Not Initiated

Description	Beneficiaries	Payments
Sample Results	43	\$188,993
Point Estimate	16,669	\$73,264,953
Projection – Lower Limit	13,418	\$42,541,655
Projection – Upper Limit	20,044	\$103,988,251

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

Special Payment Amount Overpayments the Agency Should Remove from the Master Beneficiary Record

For 7 of 100 beneficiaries in our sample, SSA had not removed \$36,661 in SPAs on the MBR. Projecting our sample results to the population of 38,766 beneficiaries, we estimate that SSA should have removed from the MBR SPAs for 2,714 beneficiaries totaling approximately \$14.2 million.

Table C-3: Special Payment Amounts that SSA Should Remove from the Master Beneficiary Record

Description	Beneficiaries	Payments
Sample Results	7	\$36,661
Point Estimate	2,714	\$14,211,887
Projection – Lower Limit	1,293	\$1,510,497
Projection – Upper Limit	4,938	\$26,913,277

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

Appendix D – AGENCY COMMENTS



SOCIAL SECURITY

MEMORANDUM

Date: September 26, 2022

Refer To: TQA-1

To: Gail S. Ennis
Inspector General

From: Scott Frey
Chief of Staff

Subject: Office of the Inspector General Draft Report “Follow up on Controls over Special Payment Amount Overpayments for Social Security Beneficiaries” (A-09-19-50794) — INFORMATION

Thank you for the opportunity to review the draft report. We agree with recommendation 1; however, we disagree with recommendations 2 and 3.

We disagree with recommendation 2 because our system generates alerts to review and resolve special payment amount overpayments for beneficiaries in non-payment statuses. Besides the alerts, on an annual basis we take action to address special payment amount overpayments from the previous year that were not corrected during our regular processes.

We disagree with recommendation 3 because we have three control functions in place to ensure the resolution of the special payment amount overpayments workload. We must balance and prioritize our work based on budget considerations and other priorities. It is not feasible to establish additional fixed goals without affecting other workloads and our ability to achieve already-established goals.

Please let me know if I can be of further assistance. You may direct staff inquiries to Trae Sommer at (410) 965-9102.

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