



# Office of the Inspector General

## SOCIAL SECURITY ADMINISTRATION

### MEMORANDUM

**Date:** September 5, 2025

**Refer To** 152507

**To:** Frank Bisignano  
Commissioner of Social Security

**From:** Michelle L. Anderson *Michelle L. Anderson*  
Acting Inspector General

**Subject:** The Social Security Administration's Methodology for Estimating Improper Payments

The purpose of this memorandum is to share our observations related to the Social Security Administration's (SSA) methodology for estimating improper payments in the Old-Age, Survivors, and Disability Insurance (OASDI) and Supplemental Security Income (SSI) programs.

### Estimating and Reporting on Improper Payments

On March 2, 2020, the President signed the *Payment Integrity Information Act of 2019* (PIIA) to identify and reduce Government-wide improper payments.<sup>1</sup> In March 2021, the Office of Management and Budget (OMB) updated Government-wide guidance on implementing PIIA to require that Federal agencies report specific improper payment information in their annual financial reports and accompanying materials.

Under PIIA, all Federal agencies must identify the programs and activities that may be susceptible to significant improper payments and report actions it has taken, or plans to take, to recover and prevent improper payments. PIIA guidance also requires that Inspectors General review the improper payment information their respective agencies report to OMB to determine whether agencies met all reporting requirements. In May 2025, we reported the results of our review of SSA's FY 2024 Agency Financial Report and accompanying materials.<sup>2</sup>

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<sup>1</sup> *Payment Integrity Information Act of 2019 (PIIA)*, Pub. L. No. 116-117, 134 Stat. 113 (2020).

<sup>2</sup> SSA, OIG, *The Social Security Administration's Compliance with the Payment Integrity Information Act of 2019 in Fiscal Year 2024*, 152415 (May 2025).

OMB guidance states, “Each agency has the responsibility of designing and documenting a program’s [sampling and estimation methodology plan] with the mindfulness that during their annual compliance review, their [Inspector General] will take into account the accuracy of the [improper and unknown payment] estimates and whether the [sampling and estimation methodology plan] used is adequate and appropriate given program characteristics.”<sup>3</sup> The guidance further states the Inspector General should evaluate the adequacy of the agency’s sampling and estimation methodology plan when the Inspector General evaluates program compliance and determine whether the methodology is appropriate based on program characteristics.<sup>4</sup>

SSA conducts stewardship reviews to examine the non-medical elements in the OASDI and SSI programs. SSA uses these reviews to determine whether it made accurate benefit entitlement and eligibility decisions and payments. Each month, SSA selects a statistically valid sample of individuals who received one or more payments during the review period. An SSA employee interviews the selected individual or their representative payee; contacts other parties, as needed; and re-develops all non-medical factors of the individual’s benefit entitlement or payment eligibility as of the sample month.

SSA reports the results of its stewardship reviews, in part, in the payment integrity sections of its *Agency Financial Report* and accompanying materials.<sup>5</sup> In accordance with OMB guidelines, SSA reports improper payments that result from (1) its mistakes in computing payments; (2) its failure to obtain, or act on, available information that affects payments; (3) individuals’ failure to report events; or (4) individuals’ incorrect reports.

## The Office of the Inspector General’s Observations

We obtained and reviewed the Agency’s OASDI and SSI sampling and estimation methodology plans, stewardship review sample data, and improper payment estimates for Fiscal Years 2019 through 2023. We identified several areas in which SSA may be able to improve its methodology for estimating improper payments. Specifically, SSA

- did not verify the accuracy of its raw population data;
- used a sample weighting methodology that could lead to inaccurate estimates;
- excluded cases and may not have adequately accounted for those cases in its final estimates, which may have biased its improper payment estimation methodology; and
- had not determined the impact the sampling timeframe and statistical outliers had on its improper payment estimates.

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<sup>3</sup> OMB, *Transmittal of Appendix C to OMB Circular A-123, Requirements for Payment Integrity Improvement*, M-21-19, part II, sec. (B)(2), p. 17 (2021).

<sup>4</sup> OMB, *Transmittal of Appendix C to OMB Circular A-123, Requirements for Payment Integrity Improvement*, M-21-19, part VI, sec. (A)(3), p. 45 (2021).

<sup>5</sup> SSA, *Agency Financial Report Fiscal Year 2024: Payment Integrity*, pp. 189-203 (November 2024).

Based on a recent Executive Order, and subsequent OMB guidance, SSA will be required to present separate improper payment estimates for Old-Age and Survivors Insurance and Disability Insurance beginning next fiscal year.<sup>6</sup> This will require that SSA change its reporting process. As SSA makes changes to meet the new requirements, we identified several areas the Agency should review to improve its overall improper payment sampling methodology and to ensure it estimates and reports improper payments in its programs as accurately as possible.

SSA should consider the following to improve its improper payment estimation methodology by

- reconciling raw data population counts to source documentation to assess the completeness and reliability of the data it uses to calculate improper payment estimates,
- reviewing its sample weighting methodology to ensure it is based on the entire population's characteristics,
- determining whether changing the sampling timeframe for each case would affect improper payment estimates,
- developing and formally documenting a policy on determining sample size and timeframe for reviews,
- determining the extent to which excluded and outlier cases affect improper payment estimates, and
- using a sample size calculator or statistical software to determine sample sizes for improper payment estimates.

We do not assert, and the reader should not infer, that SSA's improper payment estimates are inaccurate. We did not identify instances of (1) significant deficiencies in internal controls; (2) noncompliance with provisions of laws, regulations, contracts, or grant agreements; or (3) instances of fraud, waste, abuse, or mismanagement. Therefore, we are not making formal recommendations for corrective action, and the Agency may act in response to this information as it deems appropriate. If requested, our audit team and statistical expert can provide additional details regarding their review to audit liaison staff or Agency components.

If you wish to discuss this memorandum, please contact me or have your staff contact Jeffrey Brown, Deputy Assistant Inspector General for Audit.

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<sup>6</sup> Executive Order No. 14249, *Protecting America's Bank Account Against Fraud, Waste, and Abuse*, 90 Fed. Reg. 14011 (March 25, 2025).