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Office *of the* Inspector General
SOCIAL SECURITY ADMINISTRATION

Audit Report

Old-Age, Survivors and Disability Insurance Child Beneficiaries Receiving Benefits Under Multiple Records

OIG Office *of the* Inspector General
SOCIAL SECURITY ADMINISTRATION

MEMORANDUM

Date: December 7, 2020   Refer To:

To: The Commissioner

From: Inspector General

Subject: Old-Age, Survivors and Disability Insurance Child Beneficiaries Receiving Benefits Under Multiple Records (A-08-19-50814)

The attached final report presents the results of the Office of Audit's review. The objective was to determine whether the Social Security Administration was paying correct benefits to Old-Age, Survivors and Disability Insurance child beneficiaries entitled under more than one parent's record.

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

Gail S. Ennis

Attachment

Old-Age, Survivors and Disability Insurance Child Beneficiaries Receiving Benefits Under Multiple Records
A-08-19-50814

Objective

To determine whether the Social Security Administration (SSA) was paying correct benefits to Old-Age, Survivors and Disability Insurance child beneficiaries entitled under more than one parent's record.

Background

Children of workers may be simultaneously entitled to benefits under more than one parent's Social Security number. When a child beneficiary is simultaneously entitled, SSA should only pay the child under the parent's Social Security number that results in the highest monthly benefit amount. When a child is simultaneously entitled, SSA employees must review each parent's record to calculate the monthly benefit amount payable.

SSA's Master File Duplicate Detection Operation is designed to identify child beneficiaries who may be improperly receiving benefits on multiple parents' records and generate alerts for SSA employees to review and resolve.

We identified 2,776 child beneficiaries receiving Old-Age, Survivors and Disability Insurance benefits on more than 1 parent's record as of March 2019. From this population, we randomly selected 100 child beneficiaries for review.

Findings

Of the 100 child beneficiaries in our sample, SSA

- correctly paid 1 child,
- overpaid 86 children $721,694, and
- underpaid 13 children $83,706.

We estimate SSA overpaid 2,387 child beneficiaries approximately $20 million and underpaid 361 child beneficiaries approximately $2.3 million. If SSA does not take corrective action, we estimate, over the next 12 months, it will overpay approximately $3.7 million and underpay approximately $449,000 to these child beneficiaries.

We found SSA did not always pay the correct benefits because Modernized Claims System limitations require that employees manually process applications for children who are simultaneously entitled. At times, this resulted in incorrect case processing, benefit calculations, or coding in the Master Beneficiary Record. In addition, the Master File Duplicate Detection Operation did not generate an alert for all sampled beneficiaries, and employees did not always resolve the alerts generated.

Recommendations

We made four recommendations for SSA to better manage the records of, and reduce improper payments to, child beneficiaries entitled on multiple records.

SSA agreed with our recommendations.

TABLE OF CONTENTS

ABBREVIATIONS

MACADE	Manual Adjustment Credit and Award Data Entry
MAFDUP	Master File Duplicate Detection Operation
OASDI	Old-Age, Survivors and Disability Insurance
OIG	Office of the Inspector General
POMS	Program Operations Manual System
SSA	Social Security Administration
SSN	Social Security Number
U.S.C.	United States Code

OBJECTIVE

Our objective was to determine whether the Social Security Administration (SSA) was paying correct benefits to Old-Age, Survivors and Disability Insurance (OASDI) child beneficiaries entitled under more than one parent's record.[1]

BACKGROUND

The OASDI program provides monthly benefits to retired and disabled workers as well as to their dependents and survivors.[2] Children of these workers may be simultaneously entitled to benefits under more than one parent's Social Security number (SSN). When a child is simultaneously entitled, SSA employees must ensure the records for each parent's SSN contain proper entitlement information. This information ensures SSA employees review payments on all applicable records when they determine the correct benefit amount for the child beneficiary. When a child beneficiary is entitled to benefits under both parents' SSNs, SSA should pay the child from the parent's SSN that results in the highest monthly benefit amount.[3] When a child is simultaneously entitled, SSA employees must review each parent's record to calculate the monthly benefit amount payable.[4]

Preventing Multiple Payments

SSA employees generally use the Modernized Claims System to complete OASDI applications and award benefit payments; one exception to this is a child entitled under multiple SSN records. In this instance, SSA employees must use the Manual Adjustment Credit and Data Entry (MACADE) system to calculate and award benefits. When processing claims in MACADE, employees must ensure SSA issues payments from only one parent's SSN.

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[1] SSA, *POMS*, GN 00306.002, B (September 14, 2019). Child beneficiaries can be entitled under OASDI records of a parent, step-parent, or grandparent. For this review, we use "parent."

[2] *Social Security Act*, 42 U.S.C. § 402(d)(2) (govinfo.gov 2018).

[3] SSA, *POMS*, RS 00203.025, C (September 9, 2011) and RS 00615.770, A, B (November 5, 2020).

[4] See Footnote 3. SSA employees must review each parent's record to calculate the monthly benefit amount payable because other children or dependents on one or both parents' records affect benefits payable for other dependents on those records. Additionally, employees should input a code that indicates the child is "technically entitled" on the parent's record with the lower benefit amount payable.

SSA designed the Master File Duplicate Detection Operation (MAFDUP) to identify child beneficiaries who may be improperly receiving benefits on multiple parents' records and generate alerts for SSA employees to review and resolve. Employees must review these alerts to determine whether a duplicate payment exists and, if necessary, correct the records, and establish an over- or underpayment. MAFDUP generates an alert every 6 months—at the end of March and September—until an SSA employee makes the necessary corrections.

For our current review, we identified, via a computer match, 2,776 child beneficiaries receiving OASDI benefits on more than 1 parent's record as of March 2019. From this population, we randomly selected 100 for review to determine the extent of improper payments. To determine whether MAFDUP generated an alert for the 100 sampled child beneficiaries, we obtained from SSA all MAFDUP alerts generated from September 2016 through September 2019. See Appendix A for scope and methodology and Appendix B for sample results and projections.

Related Office of the Inspector General Audit

In a May 2020 audit, we identified 11,208 beneficiaries who were receiving 3 or more MAFDUP alerts from September 2016 through March 2019.[5] We found SSA employees incorrectly processed or had not processed MAFDUP alerts, and MAFDUP did not always generate alerts for beneficiaries receiving multiple payments. Based on our recommendations, SSA agreed to (1) determine whether MAFDUP modernization is needed to identify all beneficiaries receiving duplicate payments and (2) determine whether the Consolidated Claims Experience[6] initiative could automate manual actions needed to cross-reference entitlement on multiple SSNs to reduce duplicate payments. We also recommended that SSA establish a timeliness requirement for processing duplicate payment alerts. SSA did not concur with this recommendation and stated, under its process, it worked these cases while it focused resources on achieving the budgeted and priority workloads reflected in its *Annual Performance Report*. SSA also stated that, although it does not agree with establishing timeliness requirements, it will emphasize to its technicians the importance of identifying and resolving duplicate payment alerts in a timely manner.[7]

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[5] SSA, OIG, *Agency Processing of Duplicate Payment Detection Alerts, A-05-19-50796* (May 2020).

[6] As part of SSA's information technology modernization efforts, the Agency plans to introduce the Consolidated Claims Experience to combine capabilities of multiple systems.

[7] See Footnote 5.

RESULTS OF REVIEW

We estimate SSA overpaid 2,387 child beneficiaries approximately $20 million and underpaid 361 child beneficiaries approximately $2.3 million. If SSA does not take corrective action, we estimate it will overpay approximately $3.7 million and underpay approximately $449,000 to these child beneficiaries over the next 12 months (see Appendix B).

SSA did not always pay the correct benefits because Modernized Claims System limitations require that employees manually process applications for children who are simultaneously entitled. At times, this resulted in incorrect case processing, benefit calculations, or coding in the Master Beneficiary Record. In addition, MAFDUP did not generate an alert on each simultaneous record for all sampled beneficiaries, and employees did not always resolve the MAFDUP alerts.

Of the 100 child beneficiaries in our sample, SSA

- correctly paid 1 child,
- overpaid 86 children $721,694, and
- underpaid 13 children $83,706.

The overpayments ranged from $40 to approximately $135,000 and averaged approximately $8,400.[8] SSA overpaid the child beneficiaries, on average, 2 years and 9 months. The underpayments ranged from $6 to $14,722 and averaged approximately $6,439.[9] SSA underpaid the child beneficiaries, on average, 2 years and 10 months. As of February 2020, SSA had corrected the payment errors for 33 beneficiaries; however, 77 had unassessed overpayments and only 2 underpayments had been issued.[10]

For the sampled 100 child beneficiaries, MAFDUP generated alerts for 92. For the remaining eight, one beneficiary's records did not meet the criteria for an alert. However, MAFDUP should have generated an alert for the remaining seven beneficiaries since they met the criteria for an alert. SSA employees also did not always properly resolve alerts when generated, which resulted in SSA continuing to pay the children from both parents' records. The following examples illustrate how employees' manual input and/or payment calculation errors resulted in SSA paying child beneficiaries from both parents' SSNs.

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[8] The mean was $8,392, and the median was $5,284.

[9] The mean was $6,439, and the median was $3,760.

[10] According to SSA, some of these corrections occurred during its normal business process. However, these corrections occurred after we completed our analysis.

- A child was entitled to benefits under his father's SSN beginning in September 2016. The mother subsequently filed an application for the child under her SSN. An SSA employee awarded child's benefits under the mother's SSN beginning in June 2017 but incorrectly used the Modernized Claims System to process the application, which resulted in SSA issuing the child benefits under both parents' SSNs.

  In March and September of 2018 and 2019, MAFDUP generated alerts on the potential multiple payments; however, employees did not take action to correct the parents' records to stop the improper payments. As a result, SSA overpaid the child $25,021 from June 2017 through April 2020. SSA will continue overpaying the child until it corrects the parents' records.

- A child was entitled to benefits under his mother's SSN beginning in August 2007. The father filed an application for the child in March 2016 under his SSN. When an employee processed the case in MACADE, he/she did not ensure the payment was issued from only one parent's record, which resulted in SSA issuing payments from both parents' SSNs. Additionally, the employee did not properly account for other child beneficiaries and combine the amount from each parent's SSNs to increase the total monthly benefits payable, which resulted in SSA underpaying the child.[11]

  MAFDUP did not generate an alert for the child's simultaneous entitlement, but an alert was generated for another beneficiary on the record. However, employees did not correct the parents' records to stop the improper payments. As a result, SSA underpaid the child $15,664 from January 2016 through April 2020. SSA will continue underpaying the child until it corrects the parents' records.

- A child was entitled to benefits under his father's SSN beginning in March 2012. The mother subsequently filed an application for the child under her SSN. An SSA employee awarded child's benefits under the mother's SSN beginning in October 2017. Although the employee properly used MACADE to process the application, the employee did not stop payments under the father's SSN, which resulted in SSA issuing payments from both parents' SSNs.

  MAFDUP did not generate an alert for the child's simultaneous entitlement, but an alert was generated for another beneficiary on the record; however, employees did not correct the parents' records to stop the improper payments. As a result, SSA overpaid the child $10,308 from October 2017 through April 2020. SSA will continue overpaying the child until it corrects the parents' records.

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[11] The *Social Security Act* limits the maximum amount SSA can pay on any one record or family, regardless of the number of beneficiaries entitled on that record. In some situations, SSA may combine the amount from each parent's record to increase the total monthly benefits payable to the beneficiaries, which SSA refers to as a Combined Family Maximum. SSA, *POMS*, RS 00615.770, A, B (November 5, 2020).

CONCLUSIONS

SSA did not always correctly pay child beneficiaries when the child was entitled on more than one parent's OASDI record. These errors occurred because Modernized Claims System limitations require that employees manually identify and record simultaneous entitlements and compute benefits, which, at times, resulted in incorrect case processing, benefit calculations, or coding in the Master Beneficiary Record. While SSA's MAFDUP is designed to identify children improperly receiving multiple payments, employees did not always take action to resolve alerts that the system generated, and, in some cases, MAFDUP did not generate an alert for a child's simultaneous entitlement.

SSA has taken some action to resolve this issue. For example, in August 2019, SSA provided technicians reminders regarding MAFDUP alerts and processing guidance, and, in March 2020, SSA's Southeastern Program Service Center instructed technicians to review the entire Master Beneficiary Record for all possible erroneous payments to all beneficiaries on the record.[12] In response to a recommendation in our May 2020 report, SSA stated it is taking action to modernize MAFDUP to generate a consolidated alert for all beneficiaries receiving duplicate payments on the Master Beneficiary Record. Additionally, SSA recently updated its processing instructions for MAFDUP alerts to clarify that technicians are to review all beneficiaries on an MBR to confirm the accuracy of benefit payments. Therefore, we are not making a recommendation for the MAFDUP alert in this report.

According to SSA, it is planning a multi-year Consolidated Claims Experience initiative that may detect and prevent duplicate payments to child beneficiaries. Since SSA has not determined when it will implement this capability, we believe that, in the interim, SSA should conduct periodic reviews to ensure all child beneficiaries receiving benefits under multiple records are identified and technicians take appropriate and timely action to correct their records and stop improper payments. While MAFDUP identifies possible payment errors for all beneficiary types, our computer match isolated 100 percent of the children receiving improper payments due to multiple entitlement. For these children's payment records, improper payments were ongoing, on average, over 2 years.

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[12] SSA maintains eight program service centers nationwide. According to SSA, technicians from other program service centers can also search and locate these instructions.

RECOMMENDATIONS

We recommend SSA:

1. Correct the payment records for the remaining child beneficiaries identified by our audit.

2. Review and correct the payments, where needed, for the remaining population of 2,676 child beneficiaries receiving benefits on multiple records.

3. Perform periodic reviews, until SSA implements system improvements that prevent duplicate payments to child beneficiaries, to ensure technicians timely and appropriately take action to correct records and stop improper payments on child beneficiaries receiving benefits under multiple records.

4. Issue reminders to technicians on proper adjudication and processing of cases involving children entitled on multiple records.

AGENCY COMMENTS

SSA agreed with our recommendations. The full text of SSA's comments is included in Appendix C.

Michelle L. Anderson

Michelle L. Anderson
Assistant Inspector General for Audit

APPENDICES

Appendix A – SCOPE AND METHODOLOGY

To accomplish our objective, we:

- Reviewed pertinent sections of the *Social Security Act* and Social Security Administration's (SSA) Program Operations Manual System.

- Identified, via a computer match, 2,776 child beneficiaries receiving Old-Age, Survivors and Disability Insurance benefits on more than 1 parent's record as of March 2019.[1] From this population, we randomly selected 100 child beneficiaries. We reviewed the records for each of the 100 sampled children as of February 2020 to determine the extent to which SSA made improper payments and whether it had taken action to correct the records.

- For each child beneficiary, we reviewed the following SSA systems and databases.
  - Master Beneficiary Record
  - Recovery of Overpayments, Accounting and Reporting System
  - Modernized Claims System
  - Non-Disability Repository Application
  - Paperless Read Only Query System

- SSA provided the Master File Duplicate Detection Operation alerts for September 2016 through September 2019. From this list, we determined how many alerts the system created for our sampled beneficiaries.

We conducted our audit work in Birmingham, Alabama, from September 2019 to March 2020. The entities audited were the Offices of the Deputy Commissioners for Operations and Systems. We determined the computer-processed data were sufficiently reliable for our intended use. We conducted tests to determine the completeness and accuracy of the data. These tests allowed us to assess the reliability of the data and achieve our audit objective.

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 as associated with the audit objective. We identified the following component(s) and principle(s) as significant to the audit objective.

- Component: Control Activities
  - Design activities for the information system
  - Implement control activities

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[1] We removed 715 child beneficiaries from our audit population who were also included in the audit population for our May 2020 audit, *Agency Processing of Duplicate Payment Detection Alerts, A-05-19-50796,* to avoid duplication in our findings.

We tested these internal controls to assess their effectiveness and identified deficiencies that we believe affect SSA's process of paying benefits to Old-Age, Survivors and Disability Insurance child beneficiaries entitled under more than one parent's record. We discuss the internal control deficiencies in the report.

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 that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

Appendix B – SAMPLE RESULTS AND PROJECTIONS

We randomly selected 100 child beneficiaries from a population of 2,776 child beneficiaries in payment status on multiple records from the Social Security Administration's (SSA) Master Beneficiary Record (see Table B–1).

Table B–1: Population and Sample Size

Description	Child Beneficiaries
Population Size	2,776
Sample Size	100

We performed a detailed review of the sampled records to determine the extent of improper payments and of SSA's corrective actions.

As of February 2020, SSA had overpaid 86 child beneficiaries $721,694. We estimated SSA overpaid 2,387 child beneficiaries approximately $20 million (see Table B–2).

Table B–2: Total Overpayments for Sampled Beneficiaries

Description	Number of Beneficiaries	Overpayment Total
Sample Results	86	$721,694
Point Estimate	2,387	$20,034,227
Projection – Lower Limit	2,196	$13,444,652
Projection – Upper Limit	2,533	$26,623,802

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

As of February 2020, SSA had underpaid $83,706 to 13 child beneficiaries. We estimated SSA underpaid 361 child beneficiaries approximately $2.3 million (see Table B–3).

Table B–3: Total Underpayments for Sampled Beneficiaries

Description	Number of Beneficiaries	Underpayment Total
Sample Results	13	$83,706
Point Estimate	361	$2,323,679
Projection – Lower Limit	221	$1,108,304
Projection – Upper Limit	548	$3,539,053

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

Of the 2,776 child beneficiaries in our population, 715 were included in the population for a related report we issued in May 2020.[1] Thus, for Table B–2 and Table B–3, the amounts we reported in our May 2020 audit were $5,569,489 in overpayments and $1,160,424 in underpayments. This reduces the estimated improper payments for this audit to $14,464,738 in overpayments and $1,163,255 in underpayments.[2]

Of the 86 overpaid child beneficiaries, we determined SSA would continue overpaying 49 over the next 12 months if it does not take corrective action. We estimated SSA would overpay 1,360 child beneficiaries approximately $3.7 million over the next 12 months (see Table B–4).

Table B–4: Total Future 12-month Overpayments for Sampled Beneficiaries

Description	Number of Beneficiaries	Overpayment Total
Sample Results	49	$134,662
Point Estimate	1,360	$3,738,223
Projection – Lower Limit	1,126	$2,716,014
Projection – Upper Limit	1,596	$4,760,432

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

Of the 13 underpaid child beneficiaries, we determined SSA would continue underpaying 8 beneficiaries over the next 12 months if it does not take corrective action. We estimated SSA would underpay 222 child beneficiaries approximately $449,000 over the next 12 months (see Table B–5).

Table B–5: Total Future 12-month Underpayments for Sampled Beneficiaries

Description	Number of Beneficiaries	Underpayment Total
Sample Results	8	$16,160
Point Estimate	222	$448,602
Projection – Lower Limit	114	$151,329
Projection – Upper Limit	384	$745,874

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

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[1] SSA, OIG, *Agency Processing of Duplicate Payment Detection Alerts, A-05-19-50796* (May 2020).

[2] These estimates include the amount for the sample results.

Of the 2,776 child beneficiaries in our audit population, 715 were included in our May 2020 audit population.[3] Thus, for Table B–4 and Table B–5, the amounts we reported in our May 2020 audit were $1,322,986 in overpayments and $173,000 in underpayments. This reduces the estimated improper payments for this audit to $2,415,237 in overpayments and $275,602 in underpayments.[4]

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[3] See Footnote 1.

[4] These estimates include the amount for the sample results.

SOCIAL SECURITY

MEMORANDUM

Date: November 18, 2020   Refer To:

To: Gail S. Ennis
        Inspector General

Stephanie Hall

From: Stephanie Hall
        Chief of Staff

Subject: Office of the Inspector General Draft Report, "Old-Age, Survivors and Disability Insurance Child Beneficiaries Receiving Benefits Under Multiple Records" (A-08-19-50814) – INFORMATION

Thank you for the opportunity to review the draft report. We agree with the recommendations. We recently updated our instructions to clarify for technicians that they must review all individuals on a record to confirm the accuracy of benefit payments.

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

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