Office of the Inspector General
SOCIAL SECURITY ADMINISTRATION

Audit Report

Manually Processed Old-Age, Survivors and Disability Insurance Benefit Termination Actions

A-07-21-51043 September 2023

Office of the Inspector General
SOCIAL SECURITY ADMINISTRATION

MEMORANDUM

Date: September 27, 2023

Refer to: A-07-21-51043

To: Kilolo Kijakazi
Acting Commissioner

From: Gail S. Ennis
Inspector General

Subject: Manually Processed Old-Age, Survivors and Disability Insurance Benefit Termination Actions

The attached final report presents the results of the Office of Audit's review. The objective was to determine whether the Social Security Administration accurately processed manual actions related to the termination of benefits for Old-Age, Survivors and Disability Insurance beneficiaries.

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

Manually Processed Old-Age, Survivors and Disability Insurance Benefit Termination Actions
A-07-21-51043

Objective

To determine whether the Social Security Administration (SSA) accurately processed manual actions related to the termination of benefits for Old-Age, Survivors and Disability Insurance (OASDI) beneficiaries.

Background

A beneficiary's entitlement terminates when there are changes in eligibility factors, such as age or marriage. In Calendar Year 2021, SSA terminated benefits to approximately 4.6 million OASDI beneficiaries.

When SSA's systems do not fully process actions to terminate benefits, SSA technicians must input information manually. These manual actions are susceptible to accuracy and timeliness issues due to human error, case backlogs, budget issues, and workload priorities.

We identified 5,601 beneficiaries for whom SSA processed manual actions related to the termination of benefits for reasons other than death between August 2020 and July 2022. From this population, we randomly selected 100 records for review.

Results

SSA did not accurately process manual actions or issue proper notices related to the termination of benefits for some OASDI beneficiaries. Based on our sample, we project SSA employees made approximately 25,000 processing errors between August 2020 and July 2022 that resulted in more than $137 million in improper payments or erroneous balances.

After its initial actions, and before our review began, SSA addressed some of the processing errors. We project about 16,800 processing errors with more than $53 million in actual or potential improper payments remained uncorrected as of August 2023. We project SSA failed to send complete and accurate notices to more than 38,000 beneficiaries for whom it processed manual termination actions.

When employees do not process benefit-termination actions correctly, improper payments and beneficiary hardship can occur. In cases where beneficiaries are no longer entitled to benefits, it is particularly difficult to recover improper payments, because SSA must often seek recovery from other beneficiaries or through external collection methods, which require additional actions and are more burdensome on Agency. SSA must ensure employees obtain all necessary information and accurately complete all required actions when they process benefit terminations. These actions include sending complete and accurate notices.

Recommendations

We recommended SSA (1) correct the 15 records for which we identified unresolved improper payments or erroneous balances; (2) establish, and instruct employees to use, a centralized resource with preferred query tools and worksheets to assist employees in obtaining all beneficiary entitlement information necessary to accurately process manual termination actions; and (3) create a feature in the Manual Adjustment, Credit, and Award Data Entry system that allows SSA employees to review the notice and make any necessary corrections without requiring a separate action.

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

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ABBREVIATIONS

MACADE	Manual Adjustment, Credit, and Award Data Entry
MADCAP	Manual Adjustment, Credit and Award Process
MBR	Master Beneficiary Record
OASDI	Old Age, Survivors and Disability Insurance
OIG	Office of the Inspector General
POMS	Program Operations Manual System
POS	Post-entitlement Online System
PSC	Program Service Center
SSA	Social Security Administration
TORQ	That Other Results Query

OBJECTIVE

To determine whether the Social Security Administration (SSA) accurately processed manual actions related to the termination of benefits for Old-Age, Survivors and Disability Insurance (OASDI) beneficiaries.

BACKGROUND

A beneficiary's entitlement to benefits terminates when there are changes in eligibility factors, such as age or marriage. In Calendar Year 2021, SSA terminated payments for approximately 4.6 million OASDI beneficiaries. When SSA's systems do not fully process actions to terminate benefits, SSA technicians must input information manually. These manual actions are susceptible to accuracy and timeliness issues due to human error, case backlogs, budget issues, and workload priorities.

In some instances, benefits terminate when beneficiaries become entitled to a different type of benefit. This is called an entitlement conversion. While beneficiaries remain entitled to benefits, SSA considers entitlement conversions a type of termination because it must terminate one benefit and begin another. The five most common reasons for termination accounted for nearly 96 percent of all OASDI benefit terminations in Calendar Year 2021:

1. Death – 66 percent
2. Attainment of Full Retirement Age – 11 percent
3. Attainment of Age 18 – 9.3 percent
4. Entitlement to benefits on another record – 5.1 percent
5. Student Termination – 4.3 percent

Post-entitlement Direct Input Systems

SSA employees generally use the Agency's Post-entitlement Online System (POS) to change a record after entitlement is established and the Master Beneficiary Record (MBR) is created. Field office and program service center (PSC) employees can make POS inputs. If POS cannot process an input, or multiple actions are required, POS creates an alert for the PSC, where SSA employees use the Manual Adjustment, Credit, and Award Data Entry (MACADE) system to make the input, which is then processed through the Manual Adjustment, Credit and Award Process (MADCAP). Employees also use MACADE to process changes that are beyond POS' capabilities. For reports of death, employees in the field offices and PSCs use the Death Information Processing System to record death information.

Scope and Methodology

We identified 5,601 beneficiaries for whom SSA processed manual actions related to the termination of benefits for reasons other than death between August 2020 and July 2022.[1] From this population, we randomly selected 100 records for review. Our sample included beneficiaries terminated for various reasons, including claim withdrawal, disability cessation, student termination, entitlement to benefits on another record, and entitlement conversions. We reviewed the actions employees took to process manual actions and the notices sent to beneficiaries explaining SSA's actions to determine whether SSA processed the terminations correctly and notified beneficiaries in accordance with policy. (For additional information about our scope and methodology, see Appendix A.)

RESULTS OF REVIEW

SSA did not accurately process manual actions or issue proper notices related to the termination of benefits for some OASDI beneficiaries. Based on our sample, we project the Agency made approximately 25,000 processing errors between August 2020 and July 2022 that resulted in more than $137 million in improper payments or erroneous balances. After its initial actions, and before our review began, SSA addressed some of the errors. We project about 16,800 processing errors with more than $53 million in actual or potential improper payments remained uncorrected as of August 2023. We project SSA failed to send complete and accurate notices to more than 38,000 beneficiaries for whom it processed manual termination actions.

Manual Processing Errors

Of the 100 sample records, SSA made processing errors on 22. The errors resulted in improper payments or erroneous over- or underpayment balances totaling almost $123,000. We identified 5 error categories for the 22 records with actual or potential improper payments, with 7 records containing multiple types of errors (see Table 1).

Table 1: Manual Processing Errors

Error Type	Number of Errors
Incorrect Benefit Rate Calculations	7
Multiple Entitlement Not Properly Considered	6
Medicare Premium Balances Not Properly Considered	6
Manual Coding Errors	6
Incorrect Over- and Underpayment Determinations	4

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[1] During the same period, SSA manually terminated 12,074 beneficiaries' benefits because they died. We reviewed 40 samples selected randomly from the death termination sampling frame and conducted a more targeted review of an additional 10 cases for which SSA input the termination more than 60 days after the date of death. For all 50, SSA accurately input the termination within days of receiving notification. The errors we did find, which were not related to whether SSA accurately input the termination, are outside the scope of our review. Thus, for the purposes of this audit, we do not consider them errors.

After the initial incorrect actions, and before our review began, SSA became aware of seven of the errors through beneficiary inquiry or system alerts and took corrective action. As of August 2023, the other 15 still had unresolved improper payments or erroneous balances totaling almost $48,000.

Incorrect Benefit Rate Calculations

SSA employees must consider many factors when they calculate the benefit amount, or rate, for each beneficiary on a record. One of these considerations is the limit on the amount of benefits that can be paid to all beneficiaries on an individual record. If the total of all benefits paid on a record exceeds the family maximum, SSA must adjust the rates for all beneficiaries, with some exceptions.[2] However, when a child is entitled to benefits on more than one record, the family maximum on each record can be combined to allow for a higher payment for the child or another beneficiary on the record or a higher total payment to the family.[3] Once the combined family maximum no longer applies, the original family maximum is restored, and SSA must adjust rates accordingly.[4]

SSA's system generates alerts related to the removal and update of a combined family maximum. Despite these controls, employees still have difficulty processing rate changes correctly. For example, in one case, the system generated an alert for an employee to review rates and remove the combined family maximum when a child beneficiary's entitlement to benefits ended. As part of the action associated with this alert, the employee should have reviewed the benefit rates for the child and the other beneficiaries involved, but the employee incorrectly determined that no action was needed, which resulted in $3,597 in underpayments owed to the other beneficiaries.

Multiple Entitlement Not Properly Considered

A beneficiary may be entitled to more than one type of OASDI benefit simultaneously. In these instances, the total amount an individual receives cannot exceed the highest single benefit to which that person is entitled.[5] Employees must consider the effect processing a termination action will have on all entitlements. If employees do not view all entitlements, they may not obtain all information necessary to take corrective actions.

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[2] SSA, *POMS*, RS 00615.730, 5 (September 16, 2002).

[3] There are upper limits for the total combined family maximum payable on any record. SSA, *POMS* RS 00615.770, C (November 9, 2022).

[4] SSA, *POMS*, RS 00615.770, B (November 9, 2022).

[5] SSA, *POMS*, RS 00615.020, A.1 (August 21, 2014).

SSA offers multiple tools for its employees to query and view beneficiary records. The MBR data are the same across all query tools; however, each tool displays beneficiary information in a different format. SSA encourages its employees to use Query Master, a tool that interprets query data and codes into plain language for the user; however, SSA does not require that employees use a specific tool, and employees have discretion to decide which tools to use. Some tools—such as Query Master—will only display the requested record, while others allow the user to view all records on which a beneficiary is entitled to benefits. For example, for beneficiaries entitled on their own and on their spouses' records, employees could use the "That Other Results Query" (TORQ) tool and obtain all cross-referenced records in one query output.

SSA has numerous systems controls designed to prevent or identify errors related to beneficiaries who are entitled on multiple records. If MACADE determines an input may be necessary on one record for a beneficiary entitled on multiple records, it alerts the technician of the potential need for action on the other record. Additionally, the Dual Entitlement Maintenance System, Master File Duplicate Detection Operation, and Beneficiary Annotation and Communication Operation are designed to identify cross-refenced entitlement annotations and alert employees of potential issues. Despite these controls, employees can still make processing errors if they do not consider all entitlement records or recognize that other entitlements exist when they input termination actions.

For example, one beneficiary was entitled to disability benefits on his own record and disabled adult child benefits on two other records. A systems alert requiring manual termination on all three records generated; however, the employee did not terminate benefits on one of the child-entitlement records. Thus, SSA continued issuing payments incorrectly, which resulted in an $18,567 overpayment.

Medicare Premium Balances Not Properly Considered

When a beneficiary is entitled to a higher benefit on another record and has Medicare coverage, an SSA employee must terminate benefits on the first record and transfer the Medicare entitlement to the new payment record.[6] In some cases, SSA's systems can process the Medicare transfer automatically. When manual action is necessary, employees may need to calculate and control for any Medicare premiums owed or due. Employees can view Medicare balances by accessing the Medicare Direct Billing System or Query Master and TORQ, which allow a user to access multiple databases in one search. For example, a user could view the MBR and the Direct Billing System in a single combined query output. If employees do not review the Direct Billing System, they may not properly calculate premiums owed or due.

For example, for one beneficiary, the Direct Billing System showed a Medicare premium balance of $280 that the employee should have addressed when transferring Medicare to the new payment record. Because the employee did not account for the premium balance, the Medicare balance remained on the billing record erroneously. Subsequent action will be needed to correct an issue that should have been resolved as part of the original action. If employees do not take action to adjust payments to account for Medicare balances, SSA may incorrectly pay or recover the amount of the balance in the future.

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[6] SSA, Benefit Authorizer Basic Training Program, Awards, p. 305 (2017).

Manual Coding Errors

Once employees determine the necessary corrective action, they must use special coding to complete MACADE inputs to adjust the records correctly. SSA's programs are complex, and employees must understand numerous policies and procedures to complete manual actions correctly. SSA has system controls in place to identify incorrect or erroneous manual inputs before they are processed.

For example, MACADE generates messages during input to alert employees to coding errors and inconsistencies and creates exceptions and alerts if the system cannot process the action. Additionally, the Title II Redesign System generates exceptions and alerts when it identifies inaccurate or inconsistent information on the MBR. In addition to systems controls, SSA conducts Performance Quality Reviews in which technical experts randomly select cases and review them for accuracy. According to SSA, before the pandemic, it selected a minimum of two cases per employee for review each month. Since the pandemic, SSA has reduced the minimum to one case review per employee each month.

Despite these controls, employees can still make coding errors when they manually process termination actions. For example, in one case, an employee took action to complete an entitlement conversion and combine a beneficiary's payments from two records into one payment. The employee correctly coded the payment on one record; however, because of improper coding on the second record, the action resulted in an erroneous overpayment balance of $2,268. The beneficiary was not notified of the overpayment on the secondary record and no improper payment occurred, but the erroneous balance could lead to incorrect benefit withholding and will require additional handling to correct the error.

Incorrect Over- and Underpayment Determinations

Once employees calculate the rates and consider all entitlements and Medicare premiums owed or due, they must determine whether the beneficiary has been over- or underpaid. In some cases, SSA's systems can calculate the resulting amount automatically. For situations that require manual calculations, SSA provides many tools to assist employees. Each PSC provides employees with worksheets, or links to other PSCs' worksheets, to help with manual accounting calculations. For example, the Mid-America Program Service Center offers the MAMPSC-2214 for the manual calculation of benefits and Auditor program, which provides an automated comprehensive summary and analysis of benefits and payments.

If an over- or underpayment already exists on the record before the termination, some query tools can make that information easier to identify, while others provide the same information but require that the user be more diligent to identify all possible issues. For example, when using TORQ, an employee can customize the query output to highlight specific information. Users can also access related policy by clicking on each data line in the TORQ output. However, even with these tools available, employees made errors. For example, an employee took action to terminate benefits for a beneficiary whose payments SSA was withholding to recover an overpayment. The employee miscalculated the amount of the overpayment recovered and incorrectly paid $613.

Notice Errors

Based on our review of the systems that store notices and other evidence, SSA made notice errors on 34 of the 100 sample records. The errors resulted in incorrect, incomplete, or no information for the beneficiary when explaining the terminated-related action. We identified 3 error categories for the 34 records with notice errors, with 3 records containing multiple types of errors (see Table 2).

Table 2: Notice Errors

Error Type	Number of Errors
Incorrect/Incomplete status of entitlement, overpayment, or benefit payment	20
Incorrect/Incomplete Medicare information	15
No notice sent	2

SSA requires that employees send plain-language notices when they take actions that affect a beneficiaries' benefit payments or status.[7] Required content includes the reason for the action, the effect on entitlement, payment information, any resulting over- or underpayment, and any change in the entitlement factors.[8] In some cases, SSA's systems will generate required language for part of the notice. For example, if Medicare is involved in the action, MADCAP determines the necessary Medicare paragraphs and adds them to the notice.[9] SSA policy states that an employee must review the completed notice to ensure it meets organizational guidelines and flows logically and smoothly from beginning to end, without confusing the reader.[10]

When coding a MACADE input, the SSA employee includes coding to generate the appropriate notice language as part of the action. SSA provides such tools as the Enclosure Notice Block Propagator and the NOT Screen Processor to assist with specific elements of a notice; however, employees cannot review the completed notice in full if they want to process the initial action on the same day.[11] Employees do have the option to generate an incomplete notice and route the case back to themselves to complete the notice through a separate program the next day, but this requires additional time and handling. SSA instructs employees that most actions can be explained using a complete notice, meaning they should provide all applicable coding with the input and trust that the system will generate the correct language without reviewing the completed notice.[12] However, employees may not identify and correct miscoding errors or may fail to include all required information. Additionally, employees are unaware of any automated errors unrelated to the notice coding that may occur.

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[7] SSA, *POMS*, NL 00601.040, B.1 (January 9, 2015); NL 00610.040 (April 7, 2020); and NL 00610.050 (October 21, 2016).

[8] SSA, *POMS*, NL 00601.040, B.1 (January 9, 2015).

[9] SSA, *POMS*, NL 00720.002, D (May 20, 2011).

[10] SSA, *POMS*, NL 00610.050, D (October 21, 2016).

[11] SSA, *POMS*, NL 00719.015 (May 20, 2011); SSA, POMS, NL 00719.025 (October 23, 2013).

[12] SSA, *Benefit Authorizer Basic Training Program, Notices*, p. 728 (2017).

For example, in cases where MADCAP determines the Medicare paragraphs needed, the system should add the appropriate paragraphs. For the 15 beneficiaries who received incomplete or incorrect information concerning Medicare, these errors were a result of MADCAP not including appropriate Medicare paragraphs, even when employees made the proper input. As a result, beneficiaries received notices with a section heading labeled "Information About Medicare" and a blank space below it. Employees may have identified these errors if they could have reviewed the notices before they were sent to the beneficiaries.

SSA is aware of the issue and stated, "Issues involving missing Medicare language after the Medicare caption were reported to us via the Change Asset and Problem Reporting System, and we have a resolution in a MADCAP notice maintenance release scheduled for October 2023." This will address the specific issue we identified related to Medicare language in notices but will not resolve the general notice quality problems we identified.

CONCLUSIONS

When employees do not process benefit termination actions correctly, improper payments and beneficiary hardship can occur. Additionally, in cases where beneficiaries are no longer entitled to benefits, it is particularly difficult to recover improper payments because SSA must often seek recovery from other beneficiaries or through external collection methods, which require additional actions and are more burdensome on the Agency. SSA must ensure employees obtain all necessary information and accurately complete all required actions when they process benefit terminations. These actions include sending complete and accurate notices.

Incomplete, incorrect, or unclear information in a notice may prompt individuals to contact SSA for clarification where they may not have done so if the notice was clear, resulting in additional calls to SSA's National 800 Number Network and visits to local field offices. This leads to longer waits for all individuals seeking to contact SSA, creates unnecessary burdens on SSA's primary points of contact with the public, and reduces the Agency's overall level of customer service. Additionally, with the increase in fraud schemes related to SSA benefits, it is vital that SSA send complete, correct, and clear notices to increase beneficiaries' confidence that they are receiving authentic correspondence.

RECOMMENDATIONS

We recommend SSA:

1. Correct the 15 records for which we identified unresolved improper payments or erroneous balances.

2. Establish, and instruct employees to use, a centralized resource with preferred query tools and worksheets to assist employees in obtaining all beneficiary entitlement information necessary to accurately process manual termination actions.

3. Create a feature in MACADE that allows SSA employees to review the notice and make any necessary corrections without requiring a separate action.

AGENCY COMMENTS

SSA agreed with Recommendations 1 and 2. However, SSA disagreed with Recommendation 3 stating it is not feasible, based on how the MACADE system processes inputs. See Appendix C.

OFFICE OF THE INSPECTOR GENERAL RESPONSE

We continue to believe that SSA should address the accuracy and quality of notices generated from the information input into MACADE. We acknowledge that MACADE does not process actions but instead forwards all inputs to the MADCAP system for processing at the end of each business day. MADCAP then processes the inputs, updates the MBR with data entered on the MACADE screens, and generates notices overnight. SSA policy states employees must review completed notices, but its systems do not allow employees to do so the same day they input information into MACADE. A feature that allows employees to review and correct notices without a separate action would resolve the issue of employees submitting actions for processing without reviewing the notices. As our audit demonstrated, SSA issued notices with incorrect or incomplete information. As such, we continue to believe SSA should consider how it can address the limitations that affect notice accuracy and quality as it works to modernize or replace its existing systems.

OTHER MATTERS

We identified two opportunities for SSA to better align its policy and training materials to prevent misunderstanding and additional handling. We are not making recommendations related to these matters because we did not identify payment errors related to them.

Annotating Prior Entitlement

SSA employees are instructed to annotate prior periods of entitlement on beneficiaries' new records if that prior entitlement was on a different record.[13] However, we identified one scenario where employees could not code this annotation unless they added the prior entitlement to the record in a separate action the next day. If the employee attempts to add the annotation on the first day, the action will not process. We identified 40 records where this annotation should have been coded per SSA training guides, but employees did not apply the annotation to the new record. However, the missing annotation did not result in a payment error for any of the 40 records. According to subject matter experts in SSA's Office of Operations, for entitlement conversions where Medicare entitlement is transferred from the auxiliary record to the payment record, the entitlement annotation is not necessary based on SSA policy because of the priority of the entitlement termination coding.[14] Because this annotation is not necessary for some entitlement conversions, SSA policy and training guides should clarify when it is required to prevent unnecessary rehandling for additional actions.

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[13] SSA, *Benefit Authorizer Basic Training Program, Awards,* p. 304 (2017).

[14] SSA, *POMS*, GN 02602.025, A.2 (October 24, 2016).

Transferring Medicare Entitlement

According to SSA's training guides, when an employee transfers Medicare entitlement to a new payment record, the employee should include all applicable Medicare screens with references to the previous entitlement. Additionally, in certain circumstances, special coding is required that instructs the system to deduct the current month's premium only.[15] Applying this special coding lets the employee control premium withholding for the payment resulting from their action. Without this special coding, SSA systems can incorrectly pay a refund or withhold a past-due amount from the beneficiary's payment, if a balance exists on the Medicare record. We identified 30 records where this special coding should have been input per SSA training guides; however, employees did not input the coding to control for Medicare premiums. The missing coding did not result in any payment errors. According to SSA's subject-matter experts, each case is unique and does not always require the coding specified in the training material. Because of the possibility of an unintentional and incorrect refund or withholding, policy and training guides should clarify when this special coding is required.

Michelle L. Anderson
Assistant Inspector General for Audit

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[15] SSA, *Benefit Authorizer Basic Training Program, Awards,* p. 305 (2017).

APPENDICES

Appendix A – SCOPE AND METHODOLOGY

To achieve the audit objective, we:

- Reviewed applicable Federal laws, regulations, sections of the Social Security Administration's (SSA) Program Operations Manual System, and SSA training guides.

- Reviewed prior audit recommendations related to manual actions and benefit terminations.

- Met with SSA subject-matter experts to gather information about the receipt of evidence, automated and manual processing, and SSA's policies and training guides for manual processes as they relate to benefit termination.

- Identified from the Master Beneficiary Record two sampling frames of Old-Age, Survivors and Disability Insurance (OASDI) beneficiaries whose benefits SSA terminated between August 1, 2020 and July 31, 2022 using the Post-entitlement Online System, Manual Adjustment Credit and Award Data Entry, or the Death Information Processing System;[1]

  o **Sampling Frame 1:** SSA manually terminated 12,074 beneficiaries' benefits because of death from August 1, 2020 through July 31, 2022.[2]

  o **Sampling Frame 2:** SSA processed manual actions related to benefit terminations for reasons other than death for 5,601 beneficiaries from August 1, 2020 through July 31, 2022.

- Analyzed the manual termination or related action to identify the direct input program used to process the termination and determine whether:

  o SSA processed the termination or related action accurately and in accordance with policy;[3]

  o SSA's actions resulted in improper payments at the time of the termination or related action;

  o any subsequent adjustments or actions resolved improper payments that occurred at the time of the termination or related action; and

  o there were any trends and commonalities that led to processing errors.

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[1] We obtained our data extract in August 2022. The extract consisted of actions processed during the preceding 2-year period.

[2] We reviewed 40 samples selected randomly from Sampling Frame 1 and conducted a more targeted review of an additional 10 cases for which SSA input the termination more than 60 days after the date of death. For all 50, we found SSA accurately input the termination within days of receiving notification. The errors we did find are outside the scope of our review. Thus, we do not consider them errors for the purposes of this audit.

[3] In response to the COVID-19 pandemic, SSA did not process certain adverse actions that would normally result in a reduction, suspension, or termination of payments from March 17 through August 30, 2020. As a result, SSA did not manually effectuate terminations, other than the death of a beneficiary, and did not attempt to process and collect overpayments that required manual input during this period.

  o SSA sent accurate and complete information to beneficiaries regarding their benefit termination.[4]

We conducted our review between September 2022 and June 2023. We assessed the reliability of data obtained for our analysis by: (1) performing electronic testing; (2) reviewing existing information about the data and the system that produced them; and (3) tracing a statistically random sample of data to source documents. We determined the data used for this audit were sufficiently reliable to meet our objective.

The principal entity audited was the Office of Operations. 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 components and principles as significant to the audit objective:

- Component 1: Control Environment

  o Principle 4: Demonstrate commitment to competence

- Component 3: Control Activities

  o Principle 10: Design control activities

  o Principle 12: Implement control activities

- Component 5: Monitoring

  o Principle 16: Perform monitoring activities

  o Principle 17: Remediate deficiencies

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.

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[4] SSA retains notices it sends to beneficiaries in electronic systems including the Online Retrieval System, Evidence Portal, and eView.

Appendix B – SAMPLING METHODOLOGY AND RESULTS

To conduct this review, we used a simple random sample statistical approach. This is a standard statistical approach used for creating a sample from a sampling frame completely at random. Each sample item had an equal chance of selection, and the selection of one item had no impact on the selection of other items. This guaranteed that we chose a sample that represented the sampling frame, absent human biases, and ensured statistically valid conclusions of, and projections to, the entire sampling frame under review. Our sampling approach for this review ensures the reported projections are statistically sound and defensible.

From 1 segment of the Master Beneficiary Record (MBR), we identified 5,601 beneficiaries whose benefits SSA terminated for reasons other than death from August 1, 2020 through July 31, 2022 using the Post-entitlement Online System, Manual Adjustment Credit and Award Data Entry, or the Death Information Processing System. We randomly selected 100 beneficiaries for review.[1]

Table B–1: Population and Sample Size

Description	Number of Records
Population	5,601
Sample	100
Estimated Total Population (Population x 20 segments)[2]	112,020

Sample Errors and Projections

Of the 100 sampled records, we identified 22 on which SSA made processing errors that resulted in improper payments or erroneous over- or underpayment balances that could lead to future improper payments, totaling almost $123,000. Based on our results, we project SSA made 24,640 processing errors that resulted in $137,304,480 in improper payments or erroneous balances.

Table B–2: Processing Errors When SSA Took Action

Sample Results	22	$122,571
Point Estimate	1,232	$6,865,224
Projection – Lower Limit	865	$2,940,069
Projection – Upper Limit	1,670	$10,790,379
Estimated Total (Point Estimate x 20 segments)	24,640	$137,304,480

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

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[1] We found three beneficiaries did not meet our audit criteria because SSA did not process the terminations manually. These beneficiaries met all criteria for our population; however, the manual actions processed on these cases did not involve the termination of benefits. We randomly selected replacements for these cases.

[2] The MBR is a file of all current and previously entitled Old-Age, Survivors and Disability Insurance beneficiaries. The MBR is divided into 20 equal segments that are separated based on the last 2 digits of the Social Security number. One segment represents 5 percent of the total population of wage earners. Because each segment contains similar characteristics, the characteristics of 1 segment are representative of all 20 segments.

SSA identified and addressed seven of the errors before our review. Thus, we project 16,800 processing errors remain, with $53,410,120 in actual or potential improper payments that SSA has not yet corrected.

Table B–3: Processing Errors Unresolved as of August 2023

Description	Number of Errors	Error Amount
Sample Results	15	$47,679
Point Estimate	840	$2,670,506
Projection – Lower Limit	534	$894,891
Projection – Upper Limit	1,237	$4,491,121
Estimated Total (Point Estimate x 20 segments)	16,800	$53,410,120

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

Additionally, of the 100 cases sampled, 34 had errors in the notices SSA issued explaining the actions. Based on our sample, we project SSA failed to send complete and accurate notices to more than 38,000 beneficiaries for whom it processed manual termination actions.

Table B–4: Notice Errors

Description	Number of Errors
Sample Results	34
Point Estimate	1,904
Projection – Lower Limit	1,469
Projection – Upper Limit	2,380
Estimated Total (Point Estimate x 20 segments)	38,080

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

Appendix C – AGENCY COMMENTS

SOCIAL SECURITY

MEMORANDUM

Date: September 13, 2023   Refer To: TQA-1

To: Gail S. Ennis
    Inspector General

From: Scott Frey
      Chief of Staff

Subject: Office of the Inspector General Draft Report "Manually Processed Old-Age, Survivors and Disability Insurance Benefit Termination Actions" (A-07-21-51043)—INFORMATION

Thank you for the opportunity to review the draft report. We agree with recommendations one and two; however, we disagree with recommendation three.

It is not feasible for the Manual Adjustment, Credit, and Award Data Entry system to preview notices for technicians. Our system generates notices only after an overnight batch process updates the Master Beneficiary Record.

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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