

*Audit Report*

Miscellaneous Benefit Suspensions  
for Old-Age, Survivors and Disability  
Insurance Beneficiaries

**MEMORANDUM**

**Date:** September 21, 2020 **Refer To:**  
**To:** The Commissioner  
**From:** Inspector General  
**Subject:** Miscellaneous Benefit Suspensions for Old-Age, Survivors and Disability Insurance Beneficiaries (A-07-19-50799)

The attached final report presents the results of the Office of Audit's review. The objective was to determine whether the Social Security Administration completed follow-up actions to resolve issues for Old-Age, Survivors and Disability Insurance beneficiaries whose benefits it withheld using the miscellaneous suspense code.

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

# Miscellaneous Benefit Suspensions for Old-Age, Survivors and Disability Insurance Beneficiaries

## A-07-19-50799



September 2020

Office of Audit Report Summary

### Objective

To determine whether the Social Security Administration (SSA) completed follow-up actions to resolve issues for Old-Age, Survivors and Disability Insurance (OASDI) beneficiaries whose benefits it withheld using the miscellaneous suspense code.

### Background

When SSA employees suspend benefits, they identify the issue that needs to be resolved by inputting one of dozens of situation-specific suspense codes to the beneficiary's record. Employees can also use the generic "miscellaneous suspense" code if they do not identify the issue that requires resolution.

To resolve benefit suspensions, employees complete follow-up actions, which include contacting beneficiaries, employers, or other agencies to obtain information. Once the employee obtains the necessary information, he/she must determine whether to pay the benefits withheld for prior months and whether to resume monthly benefits.

From 1 segment of the Master Beneficiary Record, we identified 2,525 beneficiaries for whom SSA suspended OASDI benefits between January 2015 and December 2018 using the miscellaneous suspense code. We reviewed records for 100 randomly selected beneficiaries.

### Findings

As of February 2020, SSA had not completed follow-up actions to resolve issues that caused it to withhold benefits using the miscellaneous suspense code for 41 of the 100 beneficiaries. As a result, SSA withheld almost \$748,000 from these beneficiaries.

- For 18 beneficiaries, SSA withheld over \$541,000 and did not resolve the miscellaneous suspensions.
- SSA took actions to determine whether it should resume benefits for the remaining 23 beneficiaries but did not determine whether it should pay the beneficiaries for all months it withheld benefits. SSA continued withholding over \$206,000 that may be due these beneficiaries.

We project SSA withheld approximately \$378 million from almost 21,000 beneficiaries without resolving the issues that caused the benefit suspensions.

SSA does not have controls to monitor beneficiaries in miscellaneous suspense status or an oversight process to ensure employees use the miscellaneous suspense code appropriately. SSA relies on the employee who suspended benefits to create his/her own reminder to take future resolution actions. For these 41 beneficiaries, this process did not ensure SSA completed necessary actions to resolve outstanding issues.

Based on our review, SSA took action to resolve the miscellaneous suspensions for 10 of the 41 beneficiaries. SSA still needs to resolve the miscellaneous suspensions for the remaining 31 beneficiaries.

### Recommendations

We made 3 recommendations for SSA to resolve miscellaneous suspensions for the 31 beneficiaries, analyze and resolve issues for other beneficiaries with benefits in miscellaneous suspense for an extended period, and implement controls over employees' use of the miscellaneous suspense code. SSA agreed with our recommendations.

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## **ABBREVIATIONS**

OASDI	Old-Age, Survivors and Disability Insurance
OIG	Office of the Inspector General
POMS	Program Operations Manual System
SSA	Social Security Administration
U.S.C.	United States Code

## OBJECTIVE

Our objective was to determine whether the Social Security Administration (SSA) completed follow-up actions to resolve issues for Old-Age, Survivors and Disability Insurance (OASDI) beneficiaries whose benefits it withheld using the miscellaneous suspense code.

## BACKGROUND

The OASDI program provides benefits to wage earners and their family members who meet certain criteria in the event the wage earner retires, becomes disabled, or dies.<sup>1</sup> When a beneficiary no longer meets all criteria to receive benefits, SSA may suspend those benefits. When employees suspend benefits, they identify the issue that needs to be resolved by inputting one of dozens of situation-specific suspense codes to the beneficiary's record. For example, when SSA does not have a beneficiary's correct address, an employee suspends benefits using a code that indicates SSA must obtain the correct address and update its records.<sup>2</sup>

Employees can also use the generic "miscellaneous suspense" code if they do not identify the issue that requires resolution. According to SSA policy, employees should use the miscellaneous suspense code in very limited circumstances and only after an employee has determined no other situation-specific suspense code applies. To ensure it resolves these cases, SSA relies on the employee who suspended benefits to manually create an alert as a reminder to complete follow-up actions.

These follow-up actions can include contacting beneficiaries, employers, or other agencies to obtain information necessary to calculate the benefit payment amount or determine whether the beneficiary remains eligible for benefits. Once the employee obtains the necessary information, he/she must determine whether to pay the benefits withheld for prior months and whether to resume monthly benefits. SSA's systems do not generate alerts to remind employees of unresolved miscellaneous suspensions, and management does not identify or monitor these cases to ensure employees use the code appropriately or follow up to resolve the issue.

From 1 segment of the Master Beneficiary Record, we identified 2,525 beneficiaries for whom SSA suspended OASDI benefits between January 2015 and December 2018 using the miscellaneous suspense code. We reviewed records for 100 randomly selected beneficiaries to determine whether SSA resolved issues that caused it to suspend benefits.<sup>3</sup>

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<sup>1</sup> *Social Security Act*, 42 U.S.C. §§ 402, 423 (govinfo.gov 2018).

<sup>2</sup> SSA, POMS, GN 02605.055, B (August 17, 2009).

<sup>3</sup> See Appendix A for the scope and methodology of our review.

## RESULTS OF REVIEW

As of February 2020, SSA had not completed follow-up actions to resolve issues that caused it to withhold benefits using the miscellaneous suspense code for 41 of the 100 beneficiaries. As a result, SSA withheld almost \$748,000 from these beneficiaries.<sup>4</sup> We project SSA withheld approximately \$378 million from almost 21,000 beneficiaries without resolving the issues that caused the benefit suspensions.<sup>5</sup>

For 22 of the 41 beneficiaries, employees should have used a situation-specific suspense code to withhold benefits instead of the miscellaneous suspense code. SSA does not have controls to monitor beneficiaries in miscellaneous suspense status or an oversight process to ensure employees use the miscellaneous suspense code only when appropriate.

### Benefits Remain in Miscellaneous Suspense Status

As of February 2020, SSA had not completed follow-up actions to resolve issues that caused it to withhold benefits using the miscellaneous suspense code for 41 of the 100 beneficiaries. For 18 of the 41 beneficiaries, SSA withheld over \$541,000 and did not complete actions to resolve the miscellaneous suspensions. On average, SSA withheld benefits for 36 months and will continue withholding benefits from these beneficiaries until it resolves the suspensions.

SSA took actions to determine whether it should resume benefits for the remaining 23 beneficiaries but did not determine whether it should pay the beneficiaries for all months it withheld benefits. For these beneficiaries, SSA continued withholding benefits for prior periods ranging from 1 to 56 months. SSA continued withholding over \$206,000 that may be due these beneficiaries.

SSA relies on the employee who suspended benefits using the miscellaneous suspense code to manually create a reminder to take follow-up actions. For these beneficiaries, this process did not ensure SSA completed necessary actions to resolve outstanding issues. If employees do not establish these reminders, they may not complete follow-up actions and cases may remain unresolved. Unlike some situation-specific suspense codes, SSA's systems do not generate alerts to remind employees to take follow-up actions when benefits are in miscellaneous suspense. In response to our review, SSA stated, "We do not have a tool or process to monitor or track miscellaneous suspense [cases]." Additionally, SSA stated, "We do not produce any management information reports for cases in miscellaneous suspense status."

For example, one beneficiary was entitled to benefits for January 2016 through January 2019. Before SSA could pay the beneficiary for those months, it needed additional documentation to determine the correct payment amount. SSA withheld the benefits for those months using miscellaneous suspense while it attempted to obtain the information. SSA received the necessary

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<sup>4</sup> Three of the 41 beneficiaries had family members whose benefits SSA placed in miscellaneous suspense status. We included benefits withheld from these beneficiaries' family members in our analysis and projections.

<sup>5</sup> See Appendix B for our sampling methodology and results.

documentation in March 2019 but did not assign the case to an employee until January 2020. If SSA had controls in place to ensure employees complete follow-up actions for cases in miscellaneous suspense, the employee likely would have recognized that SSA had received the necessary documentation and may have resolved the issue. However, as of February 2020, SSA had withheld approximately \$61,000 in benefits and had not taken action to resolve the issue.

The high rate of unresolved benefit suspension cases we identified is evidence that SSA's current system of manual reminders is not a reliable control to ensure it resolves miscellaneous benefit suspensions. SSA needs controls, such as systems alerts and management reports, to identify beneficiaries in miscellaneous suspense status and ensure employees take corrective actions timely.

## Employees Used the Miscellaneous Suspense Code Inappropriately

For 22 of the 41 beneficiaries, employees should have used a situation-specific suspense code instead of the miscellaneous suspense code to withhold benefits. Without an oversight process for these cases, SSA cannot ensure employees use the miscellaneous suspense code only when appropriate.

For example, in January 2016, an employee changed a beneficiary's payment status in SSA's system from representative payee suspense to miscellaneous suspense.<sup>6</sup> The employee's notes state, "[Miscellaneous suspense used] due to [beneficiary] being [in payee suspense]. Can't get ahold of [beneficiary]. Need to clear list. Do not reinstate until [beneficiary] has a new payee or a payee development is done." These notes indicate the employee knew the appropriate action for this case was to identify a suitable representative payee.<sup>7</sup>

By placing the beneficiary in miscellaneous suspense status, the employee prevented SSA's controls from generating reminders to locate a suitable representative payee for the beneficiary. SSA's lack of controls to ensure employees use the miscellaneous suspense code only when appropriate allowed this case to go unresolved for longer than 4 years. As of February 2020, SSA had withheld payments totaling nearly \$43,000. SSA will continue withholding this beneficiary's benefits until it appoints a new representative payee and resolves the suspension.

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<sup>6</sup> SSA appoints representative payees to receive benefit payments on behalf of beneficiaries who are incapable of managing their benefit payments because they have a mental or physical disability or are a child. *Social Security Act §§ 205(j) and 1631(a)(2), 42 U.S.C. §§ 405(j) and 1383(a)(2)* (govinfo.gov 2018). SSA places benefits in representative payee suspense when it must identify and appoint a new payee and none is immediately available.

<sup>7</sup> SSA policy states, "[Employees] must ensure that efforts continue to locate a suitable payee and to reinstate benefits as soon as possible in cases where there is a [payee] suspension." SSA, *POMS*, GN 00504.150, A (August 2, 2007).

## CONCLUSIONS

As of February 2020, SSA had not resolved issues that caused it to use the miscellaneous suspense code to withhold almost \$748,000 from 41 beneficiaries. For our population, we project SSA withheld approximately \$378 million from almost 21,000 beneficiaries without resolving the issues that caused the benefit suspensions.<sup>8</sup> SSA needs to improve its oversight of benefits withheld using the miscellaneous suspense code to ensure employees use the code appropriately and resolve benefit suspensions timely.

Based on our review, SSA took action to resolve the miscellaneous suspensions for 10 of the 41 beneficiaries.<sup>9</sup> SSA still needs to resolve the miscellaneous suspensions for the remaining 31 beneficiaries.

## RECOMMENDATIONS

We recommend SSA:

1. Resolve the miscellaneous suspensions for the 31 beneficiaries we identified.
2. Analyze a sample of beneficiaries whose benefits have been in miscellaneous suspense status for an extended period to determine the appropriate corrective actions and assess the feasibility of broadening the review.
3. Implement controls, such as systems alerts and management reports, to identify beneficiaries in miscellaneous suspense status and ensure employees take corrective actions timely.

## AGENCY COMMENTS

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



Michelle L. Anderson  
Assistant Inspector General for Audit

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<sup>8</sup> See Appendix B for our sampling methodology and results.

<sup>9</sup> SSA also took action to resume benefits for one other beneficiary, but did not determine whether it should pay him for all months it withheld benefits. SSA still needs to complete follow-up actions for the beneficiary.

# *APPENDICES*

## **Appendix A – SCOPE AND METHODOLOGY**

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To accomplish our objective, we:

- Reviewed applicable Federal laws and sections of the Social Security Administration’s (SSA) policies and procedures related to miscellaneous suspensions of Old-Age, Survivors and Disability Insurance (OASDI) benefits.
- Obtained a data extract from 1 segment of the Master Beneficiary Record of 2,525 OASDI beneficiary records with at least 1 miscellaneous suspension that started between January 2015 through December 2018 and, as of August 2019, remained open and unresolved or were closed without resolution.<sup>1</sup>
- Reviewed a random sample of 100 OASDI beneficiary records to determine
  - the length of the miscellaneous suspense,
  - the amount of benefits withheld,
  - the reason SSA suspended benefits,
  - whether SSA should have used a different suspense code, and
  - whether SSA took action to resolve the issue that led it to suspend benefits.
- Obtained additional information from the Claims File User Interface, Paperless Processing System, Online Retrieval System, eView, and other SSA systems, as necessary.
- Considered an error existed for any beneficiary record for which SSA
  - did not determine whether to pay withheld benefits or resume benefits or
  - used miscellaneous suspense when a different situation-specific suspension code was applicable.
- For each error, we calculated the amount of benefits SSA withheld using the miscellaneous suspense code. We used statistical methods to project our findings to the entire population.<sup>2</sup>

We conducted our review between December 2019 and February 2020 in Kansas City, Missouri. 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

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<sup>1</sup> SSA divides the Master Beneficiary Record into 20 segments based on the last 2 digits of the beneficiaries’ Social Security number. One segment represents 5 percent of the total population of beneficiaries. Because each segment contains similar characteristics, the results of the audit are representative of the entire population.

<sup>2</sup> See Appendix B for Sampling Results and Projections.

internal controls associated with the audit objective. We identified the following 5 components and 10 principles as significant to the audit objective.

- Component 1: Control Environment
  - Principle 3: Establish structure, responsibility, and authority
  - Principle 4: Demonstrate commitment to competence
  - Principle 5: Enforce Accountability
- Component 2: Risk Assessment
  - Principle 7: Identify, analyze, and respond to risk
- Component 3: Control Activities
  - Principle 10: Design control activities
  - Principle 11: Design activities for the information system
- Component 4: Information and Communication
  - Principle 13: Use quality information
  - Principle 14: Communicate internally
- Component 5: Monitoring
  - Principle 16: Perform monitoring activities
  - 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 that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

## **Appendix B – SAMPLING RESULTS AND PROJECTIONS**

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From our population of 2,525 beneficiary records, we selected a random sample of 100 for detailed analysis.<sup>1</sup>

**Table B–1: Population and Sample Size**

Description	Beneficiaries
Population	2,525
Sample Size	100
Estimated Total Population (Population x 20 segments) <sup>2</sup>	50,500

The Social Security Administration (SSA) did not resolve issues that caused it to suspend benefits on 41 of the 100 beneficiary records we reviewed. As of February 2020, SSA had withheld \$747,678 from beneficiaries on these records. We project SSA withheld \$377,577,400 from 20,700 beneficiaries because of the unmonitored use of the miscellaneous suspense code.

**Table B–2: Number of Beneficiaries and Amount of Benefits Withheld from Beneficiaries with Unresolved Miscellaneous Suspensions**

Description	Number of Beneficiaries	Benefits Withheld
Sample Results	41	\$747,678
Projected Quantity/Point Estimate	1,035	\$18,878,870
Projection – Lower Limit	830	\$11,355,106
Projections – Upper Limit	1,251	\$26,402,633
Estimated Total (Projected Quantity/Point Estimate x 20 segments)	20,700	\$377,577,400

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

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<sup>1</sup> See Appendix A for the scope and methodology of our review.

<sup>2</sup> See Appendix A, Footnote 1.

## **Appendix C – AGENCY COMMENTS**

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### **SOCIAL SECURITY**

Office of the Commissioner

#### **MEMORANDUM**

Date: September 15, 2020

Refer To: TQA-1

To: Gail S. Ennis  
Inspector General

A handwritten signature in blue ink that reads "Stephanie Hall".

From: Stephanie Hall  
Chief of Staff

Subject: Office of the Inspector General Draft Report “Miscellaneous Benefit Suspensions for Old-Age, Survivors and Disability Insurance Beneficiaries” (A-07-19-50799) -- INFORMATION

Thank you for the opportunity to review the draft report. We agree with the recommendations. Suspending benefit payments remains an important tool in our efforts to prevent improper payments. We will explore appropriate controls and establish automation tools to improve the timely resolution and accuracy of miscellaneous benefit suspensions for Old-Age, Survivors and Disability Insurance beneficiaries.

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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