



SOCIAL SECURITY

MEMORANDUM

Date: January 31, 2005

Refer To:

To: The Commissioner

From: Inspector General

Subject: School Attendance by Student Beneficiaries over Age 18 (A-09-04-14013)

The attached final report presents the results of our audit. Our objective was to determine the adequacy of the Social Security Administration's procedures for ensuring student beneficiaries over age 18 were entitled to receive benefits in accordance with the Social Security Act.

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 Steven L. Schaeffer, Assistant Inspector General for Audit, at (410) 965-9700.



Patrick P. O'Carroll, Jr.

Attachment

**OFFICE OF
THE INSPECTOR GENERAL**

SOCIAL SECURITY ADMINISTRATION

**SCHOOL ATTENDANCE BY
STUDENT BENEFICIARIES
OVER AGE 18**

January 2005

A-09-04-14013

AUDIT REPORT



Mission

We improve SSA programs and operations and protect them against fraud, waste, and abuse by conducting independent and objective audits, evaluations, and investigations. We provide timely, useful, and reliable information and advice to Administration officials, the Congress, and the public.

Authority

The Inspector General Act created independent audit and investigative units, called the Office of Inspector General (OIG). The mission of the OIG, as spelled out in the Act, is to:

- Conduct and supervise independent and objective audits and investigations relating to agency programs and operations.**
- Promote economy, effectiveness, and efficiency within the agency.**
- Prevent and detect fraud, waste, and abuse in agency programs and operations.**
- Review and make recommendations regarding existing and proposed legislation and regulations relating to agency programs and operations.**
- Keep the agency head and the Congress fully and currently informed of problems in agency programs and operations.**

To ensure objectivity, the IG Act empowers the IG with:

- Independence to determine what reviews to perform.**
- Access to all information necessary for the reviews.**
- Authority to publish findings and recommendations based on the reviews.**

Vision

By conducting independent and objective audits, investigations, and evaluations, we are agents of positive change striving for continuous improvement in the Social Security Administration's programs, operations, and management and in our own office.

Executive Summary

OBJECTIVE

Our objective was to determine the adequacy of the Social Security Administration's (SSA) procedures for ensuring student beneficiaries over age 18 were entitled to receive benefits in accordance with the Social Security Act (Act).

BACKGROUND

Title II of the Act provides benefits to children upon the worker's retirement, death, or disability. Generally, child beneficiaries may receive benefits until they marry or reach age 18. Amendments to the Act provide for extended benefits beyond age 18 to enable child beneficiaries who are full-time students at an elementary or secondary school to complete their education. SSA relies on student beneficiaries to voluntarily report events that may affect their continuing entitlement to benefits. For example, students who attend school part-time or have graduated or dropped out are no longer eligible for benefits. In addition, students who are married, convicted of a crime, or paid by their employer to attend school are not eligible for benefits.

RESULTS OF REVIEW

SSA needs to improve its controls to ensure student beneficiaries are entitled to benefits. Based on a random sample of 300 students, we found that SSA disbursed \$202,917 in incorrect payments to 61 students from October 2000 to August 2003. We also found that SSA disbursed \$56,065 in unsupported payments to 13 students from October 2000 to July 2003. This occurred, in part, because (1) students and schools did not promptly report changes in full-time attendance, and (2) SSA did not always retain supporting documentation for its benefit payments. Projecting these results to our population of 254,121 students, we estimate that SSA disbursed about \$70 million in incorrect payments to 32,839 students and \$39.5 million in unsupported payments to 10,312 students.

RECOMMENDATIONS

We recommend that SSA take corrective action to ensure overpayments are established and collection activities are initiated for the incorrect and unsupported payments identified by our audit. In addition, we recommend that SSA (1) revise the Form SSA-1372, *Student's Statement Regarding School Attendance*, and *Notice of Cessation of Full-Time School Attendance*; (2) develop a fact sheet for distribution to school officials; and (3) ensure the Form SSA-1372 is retained in the student's claim folder or scanned into the paperless imaging system.

AGENCY COMMENTS

SSA agreed with all of our recommendations.

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Introduction

OBJECTIVE

Our objective was to determine the adequacy of the Social Security Administration's (SSA) procedures for ensuring student beneficiaries over age 18 were entitled to receive benefits in accordance with the Social Security Act (Act).

BACKGROUND

Title II of the Act provides benefits to children upon the worker's retirement, death, or disability.¹ Generally, child beneficiaries may receive benefits until they marry or reach age 18. Amendments to the Act provide for extended benefits beyond age 18 to enable child beneficiaries who are full-time students at an elementary or secondary school to complete their education.² The Act states that a student beneficiary is entitled to Social Security benefits if he or she is a full-time student at an elementary or secondary school upon reaching age 18 and has not completed the requirements for a diploma or equivalency certificate.³

SSA relies on student beneficiaries to voluntarily report events that may affect their continuing entitlement to benefits. For example, students who attend school part-time or have graduated or dropped out are no longer eligible for benefits. In addition, students who are married, convicted of a crime, or paid by their employer to attend school are not eligible for benefits. SSA monitors and administers all phases of student entitlement, including developing the claim, reviewing eligibility criteria, verifying school attendance, and awarding benefit payments.

Prior audit work disclosed that student beneficiaries received incorrect and unsupported payments of \$73.9 and \$140.4 million, respectively.⁴ In response to our audit, SSA redesigned its student monitoring system in March 2001. Specifically, SSA revised its forms and reporting requirements, obtained school certification before awarding student benefits, shifted the workload from processing centers (PC) to field offices (FO), provided additional training and guidance to its employees, and implemented systems modifications to preclude payments beyond the maximum age of entitlement.⁵

¹ The Social Security Act § 202(d)(1), 42 U.S.C. § 402(d)(1) (2004).

² Pub. L. No. 89-97, 79 Stat. 372 and Pub. L. No. 97-35, 95 Stat. 841.

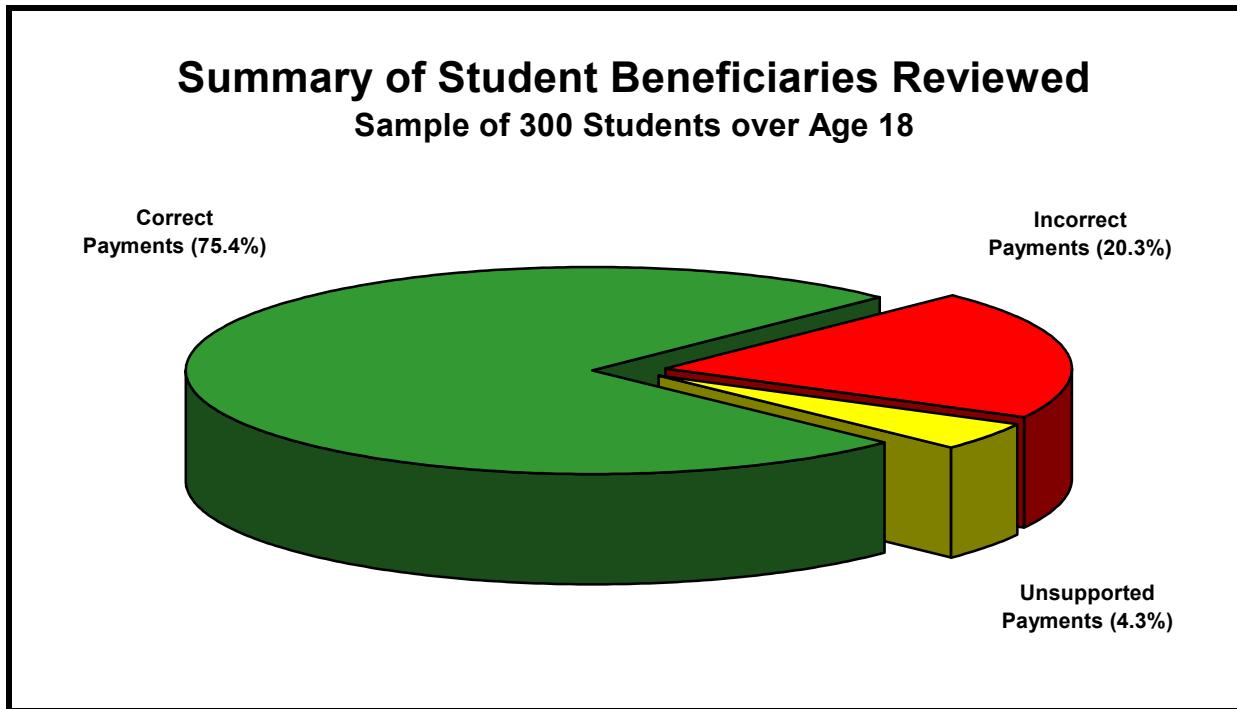
³ The Social Security Act § 202(d)(1), 42 U.S.C. § 402(d)(1) (2004).

⁴ SSA, OIG, *School Attendance by Child Beneficiaries over Age 18* (A-09-97-61007), September 1999.

⁵ We evaluated the effectiveness of SSA's controls to detect and prevent payments to student beneficiaries beyond the maximum age of entitlement in a separate audit, *Payments to Student Beneficiaries Beyond the Maximum Age of Entitlement* (A-09-04-14050), August 2004.

Results of Review

SSA needs to improve its controls to ensure student beneficiaries are entitled to benefits. Based on a random sample of 300 students, SSA incorrectly paid \$202,917 in benefits to 61 students from October 2000 to August 2003. In addition, SSA did not retain documentation to support \$56,065 in benefits to 13 students from October 2000 to July 2003. Projecting these results to our population of 254,121 students, we estimate that SSA disbursed incorrect and unsupported payments of \$70 million and \$39.5 million, respectively (see Appendix C).⁶ The results of our review are summarized below.

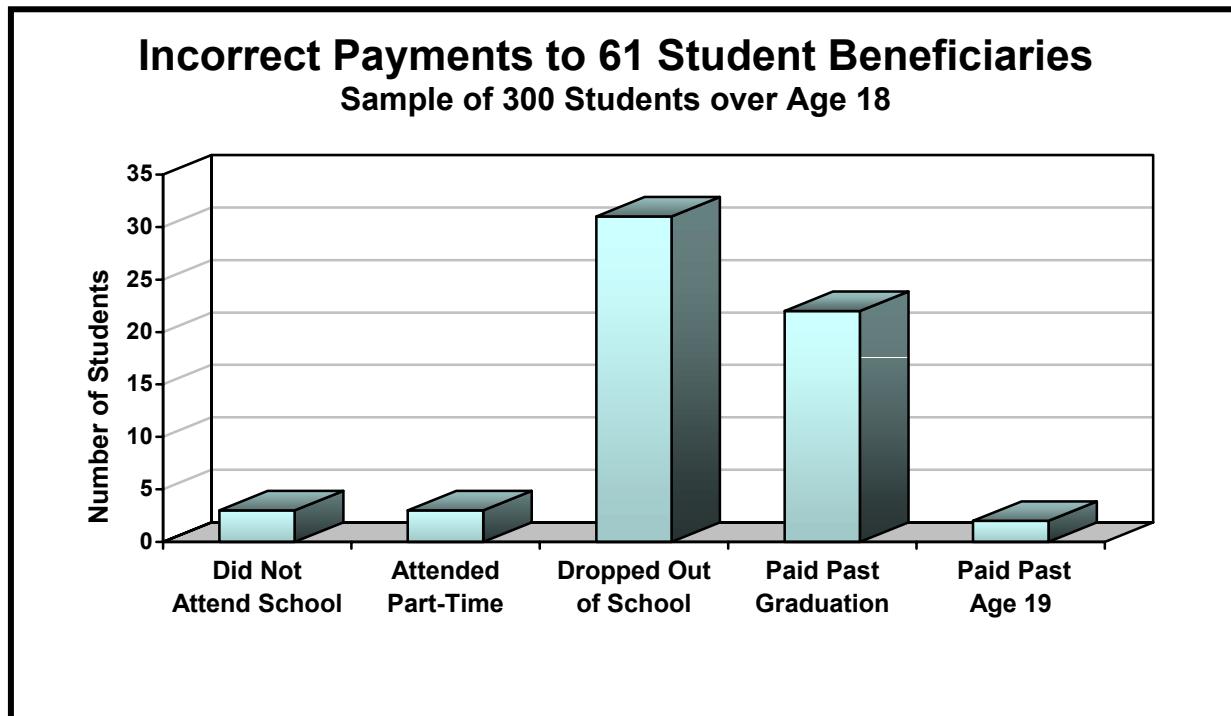


INCORRECT PAYMENTS

Our audit disclosed that SSA disbursed incorrect payments to 61 (20.3 percent) of the 300 students in our sample. This occurred, in part, because (1) students did not report events that affected their benefit status in an accurate and timely manner and (2) schools were not fully aware of the notification procedures for reporting such events

⁶ Of this amount, SSA disbursed \$67,900 in incorrect payments to 39 students and \$17,947 in unsupported payments to 12 students during the 2001-2002 school year (that is, between September 2001 and August 2002). Projecting these results to our population of 254,121 students, we estimate that SSA may disburse about \$40.4 million in incorrect payments to 27,500 students and \$17.7 million in unsupported payments to 10,165 students each year (see Appendix C).

to SSA. As a result, these students received \$202,917 in benefits to which they were not entitled. The following chart provides a breakdown of the incorrect payments questioned by our audit.



Students Who Had Not Attended School

Incorrect Payments for Entire School Year

For 3 of the 61 incorrect payments, we found the student beneficiaries were ineligible for any benefits. Based on our interviews with school officials, we determined these students had not attended school after reaching age 18. In addition, school officials did not always receive or retain the *Notice of Cessation of Full-Time School Attendance* to notify SSA of any changes in full-time attendance for its students. Although the beneficiaries applied for student benefits and were in full-time attendance before age 18, they did not return to school after age 18. As a result, these individuals were not entitled to receive student benefits.

SSA mails the Form SSA-1372, *Student's Statement Regarding School Attendance*, to child beneficiaries about 3 months before they reach age 18. To receive benefits beyond age 18, students must complete and submit the Form SSA-1372 to school officials for certification. SSA also requires that students provide the *Notice of Cessation of Full-Time School Attendance*, along with the Form SSA-1372, to school officials. SSA requests school officials to complete and return the notice when the student is no longer in full-time attendance.⁷

⁷ SSA, Program Operations Manual System (POMS), RS 00205.400 and RS 00205.350.

During our audit, we noted that many schools had not received or retained the *Notice of Cessation of Full-Time School Attendance*. Therefore, school officials were unable to readily notify SSA of any changes in full-time attendance for its student beneficiaries. To improve program operations, we encourage SSA to revise the Form SSA-1372 to require that school officials acknowledge receipt of the *Notice of Cessation of Full-Time School Attendance* when they certify the full-time attendance for the student.

Students Who Dropped Out or Attended School Part-Time

Incorrect Payments for Part of School Year

For 34 of the 61 incorrect payments, we found the student beneficiaries were eligible for benefits but did not attend school full-time. Based on our interviews with school officials, we determined that 31 students dropped out during the school year, and 3 students only attended school part-time. Neither the students nor the schools had notified SSA of these events. In addition, school officials were not fully aware of their role and responsibilities in monitoring and reporting changes in full-time attendance to the Agency. As a result, these individuals were no longer entitled to receive student benefits.

SSA awards benefits to students over age 18 who are in full-time attendance at an elementary or secondary school, including a General Education Development program.⁸ Generally, students must attend noncorrespondence courses at least 20 hours per week to qualify for benefits. SSA relies on students and schools to report any changes in full-time attendance during the school year. However, students may receive benefits for periods of nonattendance of 4 months or less (for example, during summer vacation) if they previously were in full-time attendance and subsequently returned to school.⁹

For example, we identified a student who dropped out of school but continued to receive benefits for an additional 12 months. This student was born in July 1984 and reached age 18 in July 2002. According to school officials, he generally attended school about 26 hours per week—despite multiple periods of nonattendance—through August 1, 2002. After that, the student dropped out and did not return to school. However, school officials did not receive or retain the *Notice of Cessation of Full-Time School Attendance* and were unaware of the procedures for reporting changes in full-time attendance to SSA. Although he was only entitled to student benefits for July and August 2002, SSA did not terminate benefits until September 2003. As a result, the student received \$12,078 in overpayments. We subsequently referred this case to our Office of Investigations.

⁸ SSA, POMS, RS 00205.001 and RS 00205.340.

⁹ SSA, POMS, RS 00205.400 and RS 00205.320.

In November 2001, SSA launched a website to inform school officials about the student entitlement process, including notification procedures and frequently asked questions. The website allows school officials to download the *Notice of Cessation of Full-Time School Attendance*. However, SSA did not include its website address on the Form SSA-1372. We found that most schools were unaware of the availability of the *Notice of Cessation of Full-Time School Attendance* from SSA's website. To address these concerns, SSA revised the Form SSA-1372 to include its website for school officials.

In addition, we found that many schools were unaware of their role and responsibilities in identifying and reporting changes in full-time attendance to SSA. Therefore, we encourage SSA to develop and distribute a fact sheet to school officials. At a minimum, the fact sheet should include an overview of the program, reporting responsibilities for schools and students, and instructions for the *Notice of Cessation of Full-Time School Attendance*. Such information may be useful to obtain assistance from school officials in monitoring the attendance of student beneficiaries and reporting events that may affect their benefit status.

Students Who Graduated or Reached Age 19

Incorrect Payments After End of School Year

For 24 of the 61 incorrect payments, we found the student beneficiaries were eligible for benefits but received overpayments after the end of their school year. Based on our interviews with school officials, we determined that 22 students had already graduated, and 2 students had reached age 19 by the end of their school year. Nevertheless, SSA continued to disburse payments to these individuals. In addition, school officials informed us the students' actual graduation dates sometimes preceded the expected graduation dates on the Form SSA-1372. As a result, these individuals were no longer entitled to receive student benefits.

SSA terminates benefits to students when they graduate or reach age 19, whichever occurs first. However, students who complete the requirements for a diploma or equivalency certificate may continue to attend school full-time and receive benefits up to age 19. If the graduation ceremony is held the month after full-time attendance ends, the student is considered to be in full-time attendance for the month of graduation, even if the ceremony occurs in or after the month in which the student reaches age 19.¹⁰

For example, we identified a student who graduated from school but continued to receive benefits for an additional 8 months. This student was born in March 1983 and reached age 18 in March 2001. Based on the Form SSA-1372, his expected graduation date was July 2002. According to school officials, the actual graduation date was June 2001. The student did not return to school after the graduation ceremony, which was held on June 10, 2001. However, school officials did not receive or retain the *Notice of Cessation of Full-Time School Attendance*. Although he was only entitled to student benefits through June 2001, SSA did not terminate benefits until the

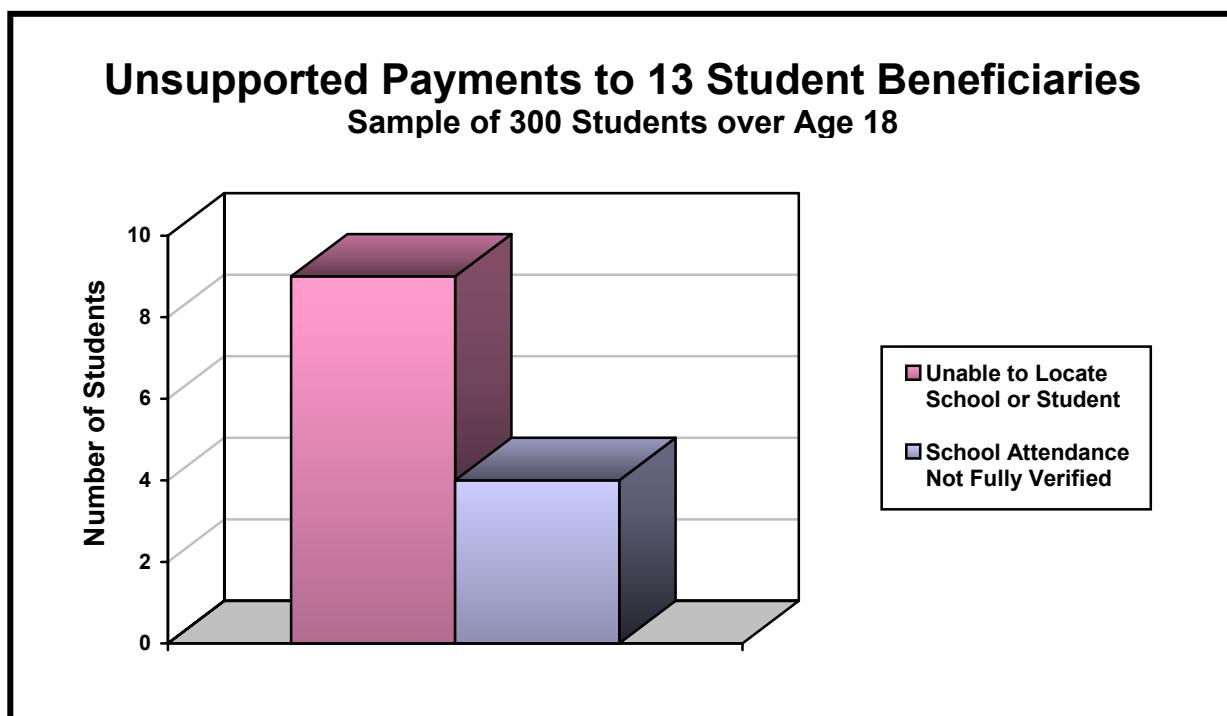
¹⁰ SSA, POMS, RS 00205.325 and RS 00205.310.

student reached age 19 in March 2002. As a result, the student received \$6,567 in overpayments. We subsequently referred this case to our Office of Investigations.

During our audit, we noted the *Notice of Cessation of Full-Time School Attendance* neither specifically requests school officials to report changes in graduation dates to SSA nor identifies the student's expected graduation date as reported on the Form SSA-1372. Without such information, we believe school officials may be ill-equipped to readily determine any changes between the expected and actual graduation dates. We encourage SSA to revise the *Notice of Cessation of Full-Time School Attendance* to request schools to identify students who graduated earlier than expected.

UNSUPPORTED PAYMENTS

Our audit disclosed that SSA was unable to provide supporting documentation for its decision to award benefits to 13 (4.3 percent) of the 300 students in our sample. This occurred because SSA had not retained sufficient information—either in paper or electronic form—to support its basis for awarding benefit payments. As a result, these students may have received \$56,065 in benefits to which they were not entitled. The following chart provides a breakdown of the incorrect payments questioned by our audit.



Unable to Locate School or Student

Unsupported Payments with No Documentation

For 9 of the 13 unsupported payments, SSA could not retrieve the Form SSA-1372 for the student beneficiaries. In addition, SSA did not maintain adequate records to otherwise determine the whereabouts of the student or the school. Using information from the student's claim folder, SSA's automated system, and other available resources (that is, Internet databases), we attempted to locate the students and identify the schools they had attended. However, we were unsuccessful in our efforts. Without supporting documentation, we could not determine the propriety of benefit payments to these individuals.

SSA requires that child beneficiaries submit the Form SSA-1372 to establish their eligibility for student benefits.¹¹ Effective May 2002, SSA must retain the Form SSA-1372 in the student's claim folder until the folder is destroyed. As an alternative, SSA may retain documents electronically by scanning the paper forms into its paperless imaging system. The paper forms may be destroyed once the image is determined to be clearly readable.¹²

We believe the lack of supporting documentation raises questions about the integrity of the student entitlement process. If the Form SSA-1372 cannot be located, our audit disclosed that it is very difficult—if not impossible—to identify the school. Therefore, we encourage SSA to direct its FOs and PCs to improve adherence to retention policies for the Form SSA-1372. Specifically, SSA should ensure supporting documentation is retained in the student's claim folder or scanned into the paperless imaging system.

School Attendance Not Fully Verified

Unsupported Payments with Partial Documentation

For 4 of the 13 unsupported payments, we could not obtain sufficient evidence to verify school attendance for the student beneficiaries. Although SSA generally provided the Form SSA-1372 for these students, we were unable to verify, in whole or in part, whether they had attended school full-time for the entire school year. In some instances, the students had changed schools without notifying SSA. In other instances, the schools had closed or were located in foreign countries. Without additional information, we were unable to determine the adequacy of support for the benefit payments.

¹¹ In addition, any students born before June 2, 1983 must submit the Forms SSA-1386, *Student's Statement Regarding Resumption of School Attendance*; SSA-1388, *Report of Student Beneficiary at End of School Year*; and SSA-1390, *Report of Student Beneficiary About to Attain Age 19*. SSA discontinued these Forms in November 2002.

¹² SSA, POMS, GN 01085.025 and GN 01085.030.

SSA procedures state that FOs must attempt to make personal contacts with students and document such contacts in its payment records before awarding benefits.¹³ In addition, SSA must verify that student beneficiaries attend school full-time for all periods of attendance, whether current or retroactive, after they reach age 18. Students who change schools or simultaneously attend more than one school must notify SSA, complete another Form SSA-1372, and obtain school certification. If SSA is unable to verify full-time attendance, the student is ineligible for benefits.¹⁴

During our audit, we attempted to independently verify full-time attendance with the schools and students. However, we could not fully account for all periods of school attendance after the students reached age 18. In addition, we found no evidence to indicate that SSA had attempted to contact the students. Therefore, we were unable to determine whether SSA had adequately developed the cases or supported the development of these cases. To prevent future occurrences of similar problems, we encourage SSA to properly maintain supporting documentation for student benefits either in paper or electronic form.

¹³ SSA, POMS, RS 00205.375 and RS 00205.740.

¹⁴ SSA, POMS, RS 00205.400 and RS 00205.350.

Conclusions and Recommendations

Based on a random sample of 300 students, we found that SSA disbursed \$202,917 in incorrect payments to 61 students from October 2000 to August 2003. We also found that SSA disbursed \$56,065 in unsupported payments to 13 students from October 2000 to July 2003. Projecting these results to our population of 254,121 students, we estimate that SSA disbursed about \$70 million in incorrect payments to 32,839 students and \$39.5 million in unsupported payments to 10,312 students (see Appendix C).

We believe additional actions are necessary to strengthen program integrity and deter fraud, waste, and abuse. These actions should provide for timely identification of events that affect student entitlement, thereby reducing the potential for incorrect and unsupported payments. Such actions should also reduce the Agency's vulnerability to individuals who misrepresent their school attendance to receive undue benefits.

Therefore, we recommend that SSA:

1. Take corrective action to ensure overpayments are established and collection activities are initiated for the 61 incorrect payments and 13 unsupported payments identified by our audit;
2. Evaluate the feasibility of establishing overpayments and initiating collection activities for the remaining incorrect and unsupported payments questioned by our audit;
3. Revise the Form SSA-1372 to require that school officials acknowledge receipt of the *Notice of Cessation of Full-Time School Attendance* when they certify the full-time attendance of student beneficiaries;
4. Develop a fact sheet to provide information about reporting responsibilities for student beneficiaries and encourage FOs to distribute the fact sheet to school officials;
5. Revise the *Notice of Cessation of Full-Time School Attendance* to (1) request that schools report changes in graduation dates to SSA and (2) include the student's expected graduation date, as reported on the Form SSA-1372, on the *Notice of Cessation of Full-Time School Attendance*; and
6. Direct FOs and PCs to improve adherence to retention policies for the Form SSA-1372 and ensure supporting documentation is retained in the student's claim folder or scanned into the paperless imaging system.

AGENCY COMMENTS

SSA agreed with all of our recommendations. See Appendix D for the text of SSA's comments.

Appendices

Appendix A

Acronyms

Act	Social Security Act
FO	Field Office
Form SSA-1372	Student's Statement Regarding School Attendance
MBR	Master Beneficiary Record
PC	Processing Center
POMS	Program Operations Manual System
Pub. L.	Public Law
SSA	Social Security Administration
U.S.C.	United States Code

Scope and Methodology

Based on the Social Security Administration's (SSA) Master Beneficiary Record (MBR), we obtained a data extract of student beneficiaries who were over age 18 and had received student benefits during the 2001-2002 school year (that is, between September 2001 and August 2002). Accordingly, we identified 254,121 students who received 1 or more benefit payments during this period.

From this population, we randomly selected a stratified sample of 300 students for review. Specifically, we selected 100 students from each of the following 3 strata: (1) 14,727 students who were receiving benefits as of June 2003; (2) 40,744 students whose benefits were terminated because they had reached age 19; and (3) 198,650 students whose benefits were terminated because they did not attend school.

To accomplish our objective, we

- reviewed the applicable sections of the Social Security Act (Act), U.S. Code, and SSA's Program Operations Manual System;
- interviewed SSA employees from the Western Program Service Center and the Offices of Central Operations, Income Security Programs, Systems Design and Development, Retirement and Survivors Insurance Systems, and Public Services and Operations Support;
- extracted a random sample of 300 student beneficiaries and obtained queries from SSA's MBR;
- requested the Form SSA-1372, *Student's Statement Regarding School Attendance*, for the students in our sample;
- requested case folders to review supporting documentation for the benefit payments awarded to the students in our sample;
- contacted schools and students, via telephone and fax, to verify school attendance and operating basis for the students in our sample;
- visited Internet websites (such as www.whitepages.com and www.greatschools.net) to locate the students and identify the schools they had attended;
- used Autotrack XP, an Internet database, to obtain current addresses and telephone numbers for the students in our sample; and

- reviewed the corrective actions taken by SSA in response to our September 1999 audit of *School Attendance by Child Beneficiaries over Age 18* (A-09-97-61007).

We determined the computer-processed data from the MBR 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 objectives.

We evaluated the adequacy of SSA's controls and procedures for ensuring student beneficiaries over age 18 were entitled to receive student benefits in accordance with the Act. Specifically, we determined the propriety of benefits awarded to the students and the adequacy of support for the payments. The incorrect and unsupported payments questioned by our audit represent net overpayments that were reduced by any underpayments due other individuals in the same family. These amounts include all questioned costs related to student entitlement, including any incorrect and unsupported payments before or after the 2001-2002 school year.

We performed audit work in Richmond, California, and Baltimore, Maryland, between June 2003 and May 2004. The entities audited were SSA's field offices under the Deputy Commissioner for Operations and the Office of Income Security Programs under the Deputy Commissioner for Disability and Income Security Programs. We conducted our audit in accordance with generally accepted government auditing standards.

Sampling Methodology and Results

We obtained a data extract from the Social Security Administration's (SSA) Master Beneficiary Record (MBR) of 254,121 student beneficiaries with a date of birth between October 1, 1982 and July 31, 1984. According to the MBR, these students received one or more benefit payments during the 2001-2002 school year (that is, between September 2001 and August 2002).

As of June 2003, 14,727 students (5.8 percent) were in current pay status. These cases were identified with a payment status code of "C" on the MBR. In addition, 40,744 students (16.0 percent) were in terminated pay status because they had reached age 19. These cases were identified with a payment status code of "T4" on the MBR. The remaining 198,650 students (78.2 percent) were in terminated pay status because they did not attend school. These cases were identified with a payment status code of "T6" on the MBR.

We randomly selected 100 students from each of the 3 payment status codes (that is, "C," "T4," and "T6") in our population. Using a stratified statistical sample, we selected 300 students for review. We verified school attendance for these students to determine their initial eligibility for and continuing entitlement to benefits. We also reviewed the adequacy of support for the payments. The following table provides the details of our population and sample size.

Table 1 – Population and Sample Size

Strata	Population Size	Sample Size
Current Pay Status	14,727	100
"T4" Pay Status	40,744	100
"T6" Pay Status	198,650	100
Total	254,121	300

Based on a random sample of 300 students, we found that SSA disbursed \$202,917 in incorrect payments to 61 students from October 2000 to August 2003. We also found that SSA disbursed \$56,065 in unsupported payments to 13 students from October 2000 to July 2003. Projecting these results to our population of 254,121 students, we estimate that SSA disbursed about \$70 million in incorrect payments to 32,839 students and \$39.5 million in unsupported payments to 10,312 students. The following tables provide the details of our sample results and statistical projections.

Table 2 – Sample Results for Incorrect Payments
October 2000 to August 2003

Strata	Number of Errors	Amount of Errors
Current Pay Status	30	\$131,875
“T4” Pay Status	21	57,353
“T6” Pay Status	10	13,689
Total	61	\$202,917

Table 3 – Sample Results for Unsupported Payments
October 2000 to August 2003

Strata	Number of Errors	Amount of Errors
Current Pay Status	5	\$21,423
“T4” Pay Status	4	20,581
“T6” Pay Status	4	14,061
Total	13	\$56,065

Table 4 – Statistical Projections for Number of Errors
October 2000 to August 2003

Projection	Incorrect Payments	Unsupported Payments	Total
Point Estimate	32,839	10,312	43,151
Lower Limit	22,556	3,724	
Upper Limit	43,123	16,901	

Table 5 – Statistical Projections for Amount of Errors
October 2000 to August 2003

Projection	Incorrect Payments	Unsupported Payments	Total
Point Estimate	\$69,982,336	\$39,472,664	\$109,455,000
Lower Limit	47,539,734	9,259,310	
Upper Limit	\$92,424,938	\$69,686,019	

Of this amount, we found that SSA disbursed \$67,900 in incorrect payments to 39 students and \$17,947 in unsupported payments to 12 students during the 2001-2002 school year (that is, between September 2001 and August 2002). Projecting these results to our population of 254,121 students, we estimate that SSA may disburse about \$40.4 million in incorrect payments to 27,500 students and \$17.7 million in unsupported payments to 10,165 students each year. The following tables provide the details of our sample results and statistical projections.

Table 6 – Sample Results for Incorrect Payments
September 2001 to August 2002

Strata	Number of Errors	Amount of Errors
Current Pay Status	10	\$15,338
“T4” Pay Status	20	41,989
“T6” Pay Status	9	10,573
Total	39	\$67,900

Table 7 – Sample Results for Unsupported Payments
September 2001 to August 2002

Strata	Number of Errors	Amount of Errors
Current Pay Status	4	\$4,358
“T4” Pay Status	4	6,311
“T6” Pay Status	4	7,278
Total	12	\$17,947

Table 8 – Statistical Projections for Number of Errors
September 2001 to August 2002

Projection	Incorrect Payments	Unsupported Payments	Total
Point Estimate	27,500	10,165	37,665
Lower Limit	17,699	3,580	
Upper Limit	37,301	16,749	

Table 9 – Statistical Projections for Amount of Errors
September 2001 to August 2002

Projection	Incorrect Payments	Unsupported Payments	Total
Point Estimate	\$40,370,090	\$17,670,904	\$58,040,994
Lower Limit	22,713,877	5,260,899	
Upper Limit	\$58,026,303	\$30,080,908	

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

Appendix D

Agency Comments



SOCIAL SECURITY

MEMORANDUM

Date: December 21, 2004

Refer To: S1J-3

To: Patrick P. O'Carroll, Jr.
Inspector General

From: Larry W. Dye
Chief of Staff

A handwritten signature in black ink that reads "Larry W. Dye".

Subject: Office of the Inspector General (OIG) Draft Report Follow-up Review of "School Attendance By Student Beneficiaries Over Age 18" (A-09-04-14013)--INFORMATION

We appreciate OIG's efforts in conducting this review. Our comments on the draft report content and recommendations are attached.

Please let me know if you have any questions. Staff inquiries may be directed to Candace Skurnik, Director, Audit Management and Liaison Staff, at extension 54636.

Attachment:
SSA Response

COMMENTS ON THE OFFICE OF THE INSPECTOR GENERAL (OIG) DRAFT REPORT FOLLOW-UP REVIEW OF "SCHOOL ATTENDANCE BY STUDENT BENEFICIARIES OVER AGE 18" (A-09-04-14013)

Thank you for the opportunity to review and comment on the draft report. We appreciate your conducting this follow-up audit to determine if staff are complying with the March 2001 redesigned student entitlement system and process. We are committed to ensuring that student benefits are paid in accordance with applicable laws, rules and procedures. In addition to the implementation of the March 2001 redesigned process, we have also made strides to improve the monitoring of student entitlement with our Title 2 Redesign system enhancements. Recent changes to various input screens and online edits require additional and timelier information in order to process student reports. These system changes do not allow students to receive benefits past age 19 without proper eligibility inputs. We believe that taking corrective actions on the issues identified in this report, along with the recently implemented systems enhancements, should help ensure that benefits are paid only to those who are entitled to them. Our responses to the specific recommendations below provide additional information on the steps we have already taken, or plan to take, to strengthen the administration of our student benefit payments.

Recommendation 1

The Social Security Administration (SSA) should take corrective action to ensure overpayments are established, and collection activities are initiated, for the 61 incorrect payments and 13 unsupported payments identified by our audit.

Response

We agree. All of the accounts were sent to the processing centers on December 1, 2004, for corrective action. A report on each account is due by March 1, 2005.

Recommendation 2

SSA should evaluate the feasibility of establishing overpayments and initiating collection activities for the remaining incorrect and unsupported payments questioned by our audit.

Response

We agree. Additional analysis should be performed to identify payment errors to student beneficiaries. However, the recommendation, as stated, would require SSA to review the entire student beneficiary population from October 2000 to July 2003, which would involve redeveloping the entitlement for 254,121 students. Instead, we will work with OIG to review a sample of these student accounts to establish criteria that will identify those cases most likely to result in overpayments.

Recommendation 3

SSA should revise the Form SSA-1372 to require that school officials acknowledge receipt of the *Notice of Cessation of Full-Time School Attendance* when they certify the full-time attendance of student beneficiaries.

Response

We agree. We have redesigned the Form SSA-1372 to include certification by the school official that he/she received the Notice of Cessation of Full-Time School Attendance. The form is currently in the Office of Management and Budget's clearance process.

Recommendation 4

SSA should develop a fact sheet to provide information about reporting responsibilities for student beneficiaries and encourage field offices (FO) to distribute the fact sheet to school officials.

Response

We agree. Our Offices of Operations and Disability and Income Security Programs will jointly develop a fact sheet about student reporting responsibilities by December 31, 2004.

Further, we currently have a website for school officials, <http://www.ssa.gov/schooolofficials/>, which gives teachers and school officials online information for reporting student information.

Recommendation 5

SSA should revise the *Notice of Cessation of Full-Time School Attendance* to (1) request that schools report changes in graduation dates to SSA and (2) include the student's expected graduation date, as reported on the Form SSA-1372, on the *Notice of Cessation of Full-Time School Attendance*.

Response

We agree. We have revised the Notice of Cessation of Full-Time School Attendance, requesting that school officials report if the student stops attending school or graduates earlier than the date the student provided on page 2 of the Form SSA-1372. The redesigned form will include copies of the information supplied by the student and certified by the school. School officials can keep the copies as a reference in order to provide SSA with the requested notification when a student leaves early or graduates prior to the expected date.

Recommendation 6

SSA should direct FOs and Payment Centers (PC) to improve adherence to retention policies for the Form SSA-1372 and ensure supporting documentation is retained in the student's claim folder or scanned into the paperless imaging system.

Response

We agree. On July 15, 2004, we issued Administrative Message (AM) 04104 (Retention of Form SSA-1372 for Student Benefits) to the FOs and PCs. This AM provides reminder items regarding retention of the Form SSA-1372 as required in the Program and Operations Manual System (POMS) sections GN 01085.025 and GN 01085.030. We also issue regular PolicyNet updates (i.e., MSS04-171 MCS) as reminders to employees concerning FO and PC adherence to retention policies for student information.

[SSA also provided technical comments which have been incorporated into this report where appropriate.]

Appendix E

OIG Contacts and Staff Acknowledgments

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