



SOCIAL SECURITY

MEMORANDUM

Date: December 30, 2011 Refer To:

To: The Commissioner

From: Inspector General

Subject: The Social Security Administration's Reporting of High-dollar Overpayments Under Executive Order 13520 in Fiscal Year 2011 (A-15-11-01140)

The attached final quick response evaluation presents the results of our review. Our objectives were to review the Accountable Official's Quarterly High-Dollar Overpayment Reports for the quarters ended December 2010 and March, June, and September 2011 and determine whether the (1) method used for identifying high-dollar overpayments detected overpayments meeting the Executive Order criteria and (2) Agency complied with all requirements of the Executive Order.

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.

A handwritten signature in black ink, appearing to read "Patrick P. O'Carroll, Jr."

Patrick P. O'Carroll, Jr.

Attachment

QUICK RESPONSE EVALUATION

*The Social Security Administration's Reporting
of High-dollar Overpayments Under
Executive Order 13520 in Fiscal Year 2011*

A-15-11-01140



December 2011

Mission

By conducting independent and objective audits, evaluations and investigations, we inspire public confidence in the integrity and security of SSA's programs and operations and protect them against fraud, waste and abuse. We provide timely, useful and reliable information and advice to Administration officials, 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

We strive for continual improvement in SSA's programs, operations and management by proactively seeking new ways to prevent and deter fraud, waste and abuse. We commit to integrity and excellence by supporting an environment that provides a valuable public service while encouraging employee development and retention and fostering diversity and innovation.

Background

OBJECTIVES

Our objectives were to review the Accountable Official's Quarterly High-Dollar Overpayment Reports to the Office of the Inspector General (OIG), as required by Executive Order 13520, *Reducing Improper Payments*, for the quarters ended December 2010 and March, June, and September 2011 and determine whether the (1) method used for identifying high-dollar overpayments detected overpayments meeting the Executive Order criteria and (2) Agency complied with all requirements of the Executive Order.

BACKGROUND

When the Government makes payments to individuals and businesses, such as program beneficiaries, grantees, or contractors, or on behalf of program beneficiaries, it must make every effort to confirm that the right recipient is receiving the correct payment. On November 20, 2009, the President issued Executive Order 13520,¹ ". . . to reduce improper payments by intensifying efforts to eliminate payment error, waste, fraud, and abuse in the major programs administered by the Federal Government, while continuing to ensure that Federal programs serve and provide access to their intended beneficiaries."²

As part of the Executive Order, each agency head is required to submit to the agency's OIG and the Council of Inspectors General on Integrity and Efficiency (CIGIE) a quarterly report on high-dollar overpayments identified by the agency, subject to Federal privacy policies and to the extent permitted by law. The report shall describe any actions the agency has taken or plans to take to recover improper payments, as well as any actions the agency intends to take to prevent improper payments from occurring in the future.³

¹ 74 Fed. Reg. 62201 (published November 25, 2009).

² *Id.* at Section 1.

³ 74 Fed. Reg. 62201, 62203, Section 3(f) (published November 25, 2009).

According to Office of Management and Budget (OMB) guidance,⁴ a high-dollar overpayment exceeds 50 percent of the correct amount of the intended payment where

1. the total payment to an individual exceeds \$5,000 as a single payment or in cumulative payments for the quarter or
2. the payment to an entity⁵ exceeds \$25,000 as a single payment or in cumulative payments for the quarter.

Examples of overpayments that would need to be included in an agency's quarterly report on high-dollar overpayments include the following.

1. A single payment or cumulative payments to the wrong individual or entity that exceeds the respective \$5,000 or \$25,000 limit.
2. A single payment or cumulative payments to the correct individual of \$6,500 when the intended amount was \$3,000 (the payment is more than 50-percent higher than the intended amount, and the total payment is above \$5,000, thus meeting both criteria to qualify as a high-dollar improper payment to an individual).
3. Cumulative amounts of overpayments to an entity that exceed the 50-percent and \$25,000 threshold during a quarter (for example, even if an agency has an ongoing relationship with an entity and typically corrects overpayments or underpayments in its next payment cycle, it would need to report these improper payments if they are above the 50 percent and \$25,000 amount for the quarter).⁶

STEWARDSHIP REVIEWS

The Office of Quality Performance (OQP) performs stewardship reviews to examine the non-medical elements in the Old-Age, Survivors and Disability Insurance (OASDI) and Supplemental Security Income (SSI) programs related to the payment accuracy and entitlement/eligibility of benefit payments made during a sample period. Each month, OQP selects a statistical national sample of OASDI beneficiaries who received a payment(s) during the review period. For each sample selected, the beneficiary or representative payee is interviewed; collateral contacts are made, as needed; and all non-medical factors of entitlement are redeveloped as of the current sample month. The findings are input into a national database for analysis and report preparation.

⁴ OMB Circular A-123, *Management's Responsibility for Internal Control, Requirements for Implementing Executive Order 13520: Reducing Improper Payments* (Appendix C, Part III), March 22, 2010 p.18.

⁵ An entity is a non-individual that owes an outstanding improper payment. The term entity excludes an individual acting in either a personal or commercial capacity (that is, a sole proprietor) and Federal, state, and local government agencies. OMB Circular A-123, *Management's Responsibility for Internal Control, Requirements for Implementing Executive Order 13520: Reducing Improper Payments* (Appendix C, Part III), March 22, 2010 p. 22.

⁶ OMB Circular A-123, *Management's Responsibility for Internal Control, Requirements for Implementing Executive Order 13520: Reducing Improper Payments* (Appendix C, Part III), March 22, 2010 p.18.

IMPROPER PAYMENTS

Each year, the Social Security Administration (SSA) reports payment accuracy rates for the OASDI and SSI programs based on its stewardship reviews. The Agency uses these reviews to report on the accuracy of benefit payments. Each year, SSA reports over- and underpayments from its stewardship reviews of non-medical aspects of the Old-Age and Survivors Insurance (OASI), Disability Insurance (DI), and SSI programs. In accordance with OMB's guidelines implementing the provisions of the *Improper Payments Information Act of 2002* (IPIA),⁷ SSA reports as improper those payments that result from (1) its mistake in computing the payment, (2) its failure to obtain or act on available information affecting the payment, (3) a beneficiary's failure to report an event, or (4) a beneficiary's incorrect report.⁸

SSA issued its four high-dollar reports to the OIG on January 26, April 15, July 28, and October 26, 2011 for the quarters ended December 31, 2010 and March 31, June 30, and September 30, 2011, respectively. Based on its sample of annual payment accuracy reviews from a representative sample of OASDI and SSI benefit payment cases, the Agency did not report any instances that met the definition of a high-dollar overpayment for the Fiscal Year (FY) 2011 period October 1, 2010 through September 30, 2011.

⁷ Pub. L. No. 107-300, 116 Stat. 2350 (codified as amended in 31 U.S.C. § 3321 note).

⁸ SSA, *FY 2011 Performance and Accountability Report*, November 2011, p. 189.

Results of Review

We reviewed reports on quarterly high-dollar overpayments for the quarters ended December 31, 2010 and March 31, June 30, and September 30, 2011 to ensure the Agency implemented a methodology for identifying high-dollar overpayments that detected overpayments and addressed all the Executive Order's requirements. Overall, we determined that the Agency addressed all requirements of the Executive Order based on the methodology used. SSA's methodology for identifying high-dollar overpayments did not detect overpayments that met the Executive Order's criteria.

HIGH-DOLLAR OVERPAYMENTS NOT IDENTIFIED USING THE AGENCY'S METHODOLOGY

We reviewed the methodology the Agency used to identify high-dollar overpayments to determine whether the method detected overpayments that met the Executive Order's criteria. We gained an understanding of how the Agency used the results from the stewardship reviews in determining whether any cases met the criteria for a high-dollar overpayment. We determined that although the stewardship reviews provided adequate results for determining the accuracy of payments, SSA's reviews did not detect high-dollar overpayments that were required to be reported under the Executive Order.

Stewardship Sample Period Usually Included Only 1 Month of Payment Data

SSA received clarifications from OMB on April 27 and June 2, 2010 for reporting high-dollar improper overpayments. OMB stated, ". . . that SSA should review improper overpayments⁹ identified during stewardship reviews (and any other relevant processes), and, as needed, report quarterly that either no payments were identified, or any payments that are identified." OMB acknowledged that "SSA stated that it is highly unlikely that the agency would identify improper overpayments to individuals, including via its stewardship reviews in SSI that would meet the criteria in the Executive Order's implementing guidance" During, or shortly after, each FY, OQP conducted stewardship reviews of the OASDI and SSI payments issued in that FY.

OQP bases its stewardship reviews on a monthly sample selection of all OASDI beneficiaries who receive a payment(s) during the review period and were in current pay status during the sample period. The SSI sample is drawn from all cases of SSI recipients who received a payment during the FY regardless of their current pay status. For example, in SSI, if the month sampled was August, the sample period would have been July 2 through August 1. The OASDI sample reviews all payments on a Social Security number made in a calendar month. For the FY 2010 stewardship reviews, approximately 88 OASI, 46 DI, and 360 SSI cases were reviewed each month.

⁹ SSA distinguishes an improper payment from an overpayment based on whether it meets the definition agreed on with OMB. If a payment is considered avoidable, it is characterized as improper. See Appendix C for the definition of improper.

Once a case is sampled, the Electronic Quality Assurance (eQA) system calculates the recurring and retroactive payments¹⁰ for the sample period. This system assists OQP in overseeing the completeness and accuracy of OASDI and SSI claims. The sample dollars can be adjusted during the review if the amounts are incorrect. The data included in the system reflect the payments that were issued only in the sample period and therefore may not reflect the total benefit payments and/or overpayments that occurred in a quarter for that case. For example, in the SSI review, if a case was sampled in August 2011, any recurring or retroactive payments that were made on the sampled case from July 2 through August 1 were calculated by eQA and included in the system. The sample dollars would be verified during the review and adjusted, if needed. The system would not include any payments that were made in the remainder of that quarter (that is, July 1 and August 2 through September 30). Therefore, the data reviewed for reporting on quarterly high-dollar overpayments usually do not include the total benefit payments and/or overpayments to a beneficiary or recipient that occurred in the entire quarter. By using data that do not include payments actually made for all 3 months in a quarter, the Agency may not identify high-dollar overpayments.

Stewardship Review Results Include Payment Data from Previous Quarters

For the quarterly high-dollar reports issued in the quarters ended December 31, 2010 and March 31, June 30, and September 30, 2011, SSA used the results documented in the eQA system for the sample cases cleared¹¹ during the reporting period. For example, if a case was sampled in April 2011 but the review was not completed until September 2011, the payment data for the sample period (March 2 through April 1) would be included in the review for the quarter ended September 2011. According to OQP, it is not possible to provide findings for cases sampled in each quarter because the field sites have until the end of January to clear cases sampled for the previous October through September, and the consistency review of these cases is not completed until the end of February. Further editing and review of anomalies continues throughout most of March. Therefore, in some cases, OQP may have to wait over 1 year before the case is fully completed.

We reviewed the supporting documentation OQP provided for the quarters ended December 31, 2010 and March 31, June 30, and September 30, 2011 to determine the number of cases that were included in the analysis and sampled and cleared in the respective quarters. Based on this support, in total for all FY 2011 quarters, only 5 percent of OASDI and 4 percent of SSI cases included in the review were sampled and cleared during the same FY 2011 quarter. Because stewardship cases can take several months to clear, the data reviewed for the high-dollar overpayment reports under the Executive Order will typically include payments that relate to prior quarters.

¹⁰ Recurring payments are regular monthly payments and a retroactive payment is a payment issued during the sample period which is for a month(s) before the sample month.

¹¹ Per OQP, “cleared” is the term used to define the point that the OQP field site has relinquished jurisdiction of a sampled case to Central Office because all actions (for example, documentation, development, and internal reviews) are complete but it is not the date that OQP has finished its review of the case.

Therefore, since over 95 percent of the data reviewed in the FY 2011 quarters related to a previous period, only a small percentage of payments issued in the FY 2011 quarters was included in the analysis for the high-dollar report. SSA stated, “. . . the stewardship review was never intended to capture quarterly payment data”; therefore, as was previously stated, it is highly unlikely that the Agency would identify improper overpayments that would meet the criteria in the Executive Order’s implementing guidance.

OIG IDENTIFIED POTENTIAL HIGH-DOLLAR OVERPAYMENTS USING AN ALTERNATIVE METHOD

We designed a methodology for identifying high-dollar overpayments by using data from one segment of the Master Beneficiary Record (MBR); Recovery of Overpayments, Accounting and Reporting (ROAR) System; and Supplemental Security Record (SSR). We focused on OASDI beneficiaries and SSI recipients who received single or cumulative payments in excess of \$5,000 for each FY 2011 quarter from October 2010 through September 2011. We matched the populations against the overpayment data on the ROAR and SSR to identify beneficiaries and recipients who may have met the payment criteria in the Executive Order and had an overpayment established on their record.

We further analyzed the populations to identify individual cases that met the criteria for reporting as a high-dollar overpayment according to the Executive Order. Refer to Appendix B for the scope and methodology used to analyze the populations. Our analysis identified seven OASDI and zero SSI cases that potentially met the criteria of the Executive Order. For each of these cases, we determined the beneficiary or recipient obtained payments in excess of \$5,000 in one of the quarters from October 2010 through September 2011. During that quarter, each beneficiary or recipient also had an overpayment in excess of 50 percent of the correct amount of the intended payment for that quarter.

At our request, SSA reviewed the seven cases and confirmed that six OASDI cases may have met the criteria to potentially be reported as a high-dollar overpayment under the Executive Order. In accordance with OMB’s guidelines implementing the provisions of IPIA,¹² OMB decided that SSA should only include avoidable overpayments in its improper payment estimate because these payments could be reduced through changes in administrative actions. Unavoidable overpayments that result from legal or program requirements are not to be included in SSA’s improper payment estimate. (See Appendix C for the definitions of erroneous payments.) SSA stated that it could not definitely determine these payments were improper unless it conducted a full stewardship review for these cases that verifies all non-medical factors of eligibility. SSA also reiterated that OMB fully supports the methodology it uses each quarter to identify high-dollar improper overpayments. SSA recognizes that this method will not capture all high-dollar overpayments; however, when it identifies a case, the case is unlikely to provide further insight into the causes of OASDI and SSI improper payments.

¹² Pub. L. No. 107-300, 116 Stat. 2350 (codified as amended in 31 U.S.C. § 3321 note).

REQUIREMENTS OF EXECUTIVE ORDER ADDRESSED BY THE AGENCY

In March 2010, OMB issued guidance¹³ for implementing the requirements of the Executive Order. We reviewed the Accountable Official's Quarterly High-Dollar Overpayment Reports for the quarters ended December 2010 and March, June, and September 2011 to ensure the Agency addressed all requirements of the Executive Order.

Required Information Included in Reports

According to OMB's guidance, all agencies with programs susceptible to significant overpayments under the IPIA are required to submit reports on high-dollar overpayments. The report shall

1. list all high-dollar overpayments identified by the agency during the quarter;
2. describe whether each high-dollar overpayment was made to an entity or individual, and the city/county and State where that entity or individual was located;
3. list the program responsible for each high-dollar overpayment error;
4. describe any actions the agency has taken or plans to take to recover high-dollar overpayments (the report should address overall actions and strategies and not focus on individual payments); and
5. describe any actions the agency will take to prevent overpayments from occurring in the future (the report should address overall actions and strategies, and not focus on individual payments).

Agencies shall complete, submit, and publicize these reports at least once a quarter. Each quarterly report shall be completed, submitted, and published by the last day of each quarter. OMB clarified this due date in June 2010, stating, ". . .future high-dollar quarterly reports can be submitted up to 30 days after the end of the quarter (for example, for the quarter ending June 30th agencies should submit this report to their OIG and OMB by July 30th, by October 30th for the quarter ending September 30th, etc.)."

The guidance also states that if an agency has no high-dollar overpayments during the reporting period, it need only send a letter informing the Controller of OMB that the agency had no high-dollar overpayment errors.

Based on the methodology SSA used for the quarters ended December 31, 2010 and March 31, June 30, and September 30, 2011, SSA did not report any high-dollar overpayments that met the criteria of the Executive Order. The Agency submitted emails to the Controller of OMB on January 26, April 15, July 28, and October 26, 2011, respectively, stating that based on the annual payment accuracy reviews from a

¹³ OMB Circular A-123, *Management's Responsibility for Internal Control, Requirements for Implementing Executive Order 13520: Reducing Improper Payments* (Appendix C, Part III), March 22, 2010.

representative sample of OASDI and SSI cases, no cases met the definition of a high-dollar overpayment. All four of these reports were submitted to the OIG and OMB timely.

Website Submission

According to the OMB guidance, within 15 days of submitting the quarterly high-dollar report to the OIG, agencies shall make these reports available to the public by, at a minimum, submitting them to the improper payments Website.¹⁴ If the agency has no high-dollar overpayments for that period, the agency shall submit a “no report” status to the improper payments Website. On January 26, April 15, July 28, and October 26, 2011, respectively, the Agency submitted an email to OMB stating that no improper payments were identified during each quarter. Although the Agency is required to submit these reports to the improper payment Website, OMB has acknowledged that the Website does not yet have the functionality that would allow agencies to post the high-dollar reports to the Website but encourages Agencies to post reports to their own sites. Therefore, to ensure the public can view these reports, SSA updated its Website¹⁵ with information relating to high-dollar overpayments for the quarters ended December 2010 and March and June 2011 within 15 days of submitting the report to the OIG. However, SSA did not post the September 2011 quarterly report until November 18, 2011.

OMB Guidance

In the March 2010 OMB-issued guidance, that states an agency should report high-dollar overpayments where the total payment to an individual exceeds \$5,000 as a single payment or in cumulative payments for the quarter.¹⁶ SSA would report high-dollar improper overpayments when an overpayment was recorded on a beneficiary's record during the same quarter the beneficiary's payment(s) exceeded \$5,000. For example, if during SSA's stewardship reviews, it found an improper overpayment on a beneficiary's record in August 2011, and the beneficiary's payment(s) exceeded \$5,000 for the quarter July 1 through September 30, 2011, then they would report this improper overpayment in the September 2011 quarterly high-dollar overpayment report.

OMB guidance further states that the high-dollar overpayment report shall, ". . . list all high-dollar overpayments identified by the agency during the quarter."¹⁷ We have interpreted this guidance to mean that agencies are to report all high-dollar overpayments identified during a reporting quarter, regardless of when the payments were made. For example, in the FY 2011 quarters, we identified 40 overpayments that were recorded on the beneficiary's record in FY 2011. These overpayments related to

¹⁴ <http://www.paymentaccuracy.gov>.

¹⁵ <http://www.ssa.gov/improperpayments>.

¹⁶ OMB Circular A-123, Part III (C) (3) (e).

¹⁷ OMB Circular A-123, Part III (C) (3) (g).

benefit payments from 2010. However, the overpayments were not recorded on the beneficiary's records until FY 2011. In each case, the beneficiary's payments exceeded \$5,000 as a single payment or in cumulative payments for at least one quarter in FY 2010, and the overpayment exceeded 50 percent of the correct amount of the intended payment in 2010, further meeting the criteria of a high-dollar overpayment. Based on our interpretation of the guidance, these beneficiary's overpayments could be reported in the FY 2011 quarterly reports because the Agency identified them during a FY 2011 quarter. Based on SSA's stewardship reviews, these beneficiary's overpayments should not be reported because the overpayments were not made in the quarters SSA was reporting on for FY 2011. We believe the OMB guidance needs to be further clarified.

Conclusion

Overall, our review determined that although the Agency addressed all requirements of Executive Order 13520 based on the results obtained using the stewardship sample cases, the methodology for identifying high-dollar overpayments did not detect existing overpayments that met the criteria of the Executive Order. While the data obtained through the stewardship reviews provide adequate results for payment accuracy, the reviews did not detect high-dollar overpayments required to be reported under the Executive Order. The payment information used for reviewing high-dollar overpayments for the quarters ended December 31, 2010 and March 31, June 30, and September 30, 2011 only included payments made during a 1-month period, which in most cases was outside the quarter reported on. By using data that do not include payments actually made for all 3 months in a quarter, the Agency may not identify high-dollar overpayments. Additionally, because stewardship cases can take several months to be cleared, the data reviewed for the high-dollar reports will typically include mostly payments that relate to prior quarters.

As previously stated, OMB stated, “. . . that SSA should review improper overpayments¹⁸ identified during stewardship reviews (and any other relevant processes), and as needed, report quarterly that either no payments were identified, or any payments that are identified.” Our review determined that, although the Agency reported no high-dollar overpayments during the four quarters under review, high-dollar overpayments may have been identified if SSA had employed a methodology focused on analyzing data extracts from the MBR, ROAR, and SSR. Our process used data from overpayments already identified by the Agency associated with the reporting quarter. The Executive Order requires that agency heads submit the quarterly reports on high-dollar overpayments to boost transparency among agencies and the public.¹⁹ The Agency did not take additional steps to identify and report on the high-dollar overpayments using other information.

¹⁸ SSA distinguishes an improper payment from an overpayment based on whether it meets the definition agreed on with OMB. If a payment is considered avoidable, it is characterized as improper. See Appendix C for the definition of improper.

¹⁹ 74 Fed. Reg. 62201, 62203, Section 3(f) (published November 25, 2009);OMB Memorandum M-10-13, *Issuance of Part III to OMB Circular A-123, Appendix C*, March 22, 2010.

Appendices

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Appendix A

Acronyms

APP	Annual Performance Plan
CIGIE	Council of Inspectors General on Integrity and Efficiency
DI	Disability Insurance
eQA	Electronic Quality Assurance
Fed. Reg.	Federal Register
FY	Fiscal Year
IPIA	<i>Improper Payments Information Act of 2002</i>
MBR	Master Beneficiary Record
OASDI	Old-Age, Survivors and Disability Insurance
OASI	Old-Age and Survivors Insurance
OIG	Office of the Inspector General
OMB	Office of Management and Budget
OQP	Office of Quality Performance
Pub. L. No.	Public Law Number
ROAR	Recovery of Overpayments, Accounting and Reporting
SSA	Social Security Administration
SSI	Supplemental Security Income
SSN	Social Security Number
SSR	Supplemental Security Record
U.S.C.	United States Code

Scope and Methodology

Our objectives were to review the Accountable Official's Quarterly High-Dollar Overpayment Reports to the Office of the Inspector General (OIG), as required by Executive Order 13520, *Reducing Improper Payments*, for the quarters ended December 31, 2010 and March 31, June 30, and September 30, 2011 and determine whether the (1) method used to identify high-dollar overpayments detected overpayments meeting the Executive Order criteria and (2) Agency complied with all requirements of the Executive Order. To accomplish our objectives, we:

- Reviewed the Accountable Official's Quarterly High-Dollar Overpayment Reports under Executive Order 13520, *Reducing Improper Payments*, for the quarters ended December 2010 and March, June, and September 2011.
- Reviewed applicable Federal laws.
- Reviewed applicable Office of Management and Budget guidance.
- Reviewed the Fiscal Year (FY) 2009 and 2010 Stewardship Review Reports for the Old-Age, Survivors and Disability Insurance (OASDI) programs.
- Reviewed the FY 2009 and 2010 Stewardship Review Reports for the Supplemental Security Income (SSI) program.
- Requested data from the Office of Quality Performance to support the cases reviewed for the quarterly high-dollar overpayment reports.
- Obtained a data extract for one segment¹ of the Master Beneficiary Record (MBR); Recovery of Overpayments, Accounting and Reporting (ROAR) system; and Supplemental Security Record (SSR) for the respective quarters ended December 31, 2010 and March 31, June 30, and September 30, 2011, where the Agency had recorded an overpayment on the beneficiary's record during the respective quarter.
 - For the MBR and ROAR extract, we identified 908 unique Social Security number (SSN) accounts paid in excess of \$5,000 during a quarter and also had an overpayment established from October 1, 2010 through October 11, 2011 with a Type of Event Code of "01 – Incorrect Month of Entitlement," "02 – Incorrect Computation," "03 – Mult Ent.," "05 – Dup Pay Crit Case," "09 – Dup Pay DIB-RIB Pay," "17 – Ann Ret Test PD," and "68 – Windfall Offset OP." Based on prior knowledge, the Agency considers these event types improper and therefore would be reportable for the quarterly high-dollar reports.

¹ One segment represents 5 percent of the population.

- For the SSR extract, we identified 45 unique SSN accounts paid in excess of \$5,000 during a quarter and had an overpayment established from October 2010 through October 11, 2011.
- Analyzed each of the two populations to determine whether any cases met the criteria of a high-dollar overpayment under the requirements of Executive Order 13520.
 - For the MBR and ROAR extracts, we began analyzing each case with an overpayment in the ESTAMT (Estimated Amount) column greater than \$5,000 beginning at the top of the listing. We analyzed the MBR, ROAR, and overpayment letters from the Online Retrieval System to determine whether the case met the criteria for a high-dollar overpayment. We analyzed 158 cases over the 4 quarters.
 - For the SSR extract, the 45 unique SSN accounts were sorted by the OPSQBEG1 (Overpayment Sequence Beginning Date) and OPSQEND1 (Overpayment Sequence Ending Date) to determine whether the overpayments in the population fell into the timeframe of the quarter being analyzed. There were six remaining cases in the population once we conducted this analysis. We then analyzed the OPSQAMT (Overpayment Sequence Amount) for all amounts greater than \$5,000 to further reduce the number of beneficiaries in the population. There were no unique SSN accounts in this population. Since there were no amounts greater than \$5,000, we analyzed the SSR on the six cases from our original analysis of the Overpayment Sequence Beginning and Overpayment Sequence Ending Dates to determine whether the cases met the criteria for a high-dollar overpayment.
- Analyzed the narrative of the Accountable Official's Quarterly High-Dollar Overpayment reports to ensure compliance with all requirements of the Executive Order.

We determined the computerized data used during our review were sufficiently reliable given our objective, and the intended use of the data should not lead to incorrect or unintentional conclusions.

We performed our review from August through November 2011 in Baltimore, Maryland. We conducted our review in accordance with the Council of the Inspectors General on Integrity and Efficiency's *Quality Standards for Inspections*.

Defining Erroneous Payments¹

The following table identifies the types of Social Security Administration (SSA) payments, programs affected, current reporting status, reasons for the payments, and their classification. There are two classifications.

- Unavoidable - Payments resulting from legal or policy requirements. These payments are not considered erroneous.
- Avoidable - Payments that should be reflected in the erroneous payment estimate because they could be reduced through changes in administrative actions.

Types of Payments	Program	Current Status	Reason for Overpayment/Underpayment	Classification
Payments following a cessation of eligibility due to a continuing disability review	DI ² and SSI ³	Not currently reflected as an error	When SSA is required by law to make payments during the appeals process, these payments are not erroneous.	Unavoidable
Payments made under the Goldberg-Kelly due-process Supreme Court decision	SSI	Reported as an unavoidable erroneous payment in the APP ⁴	When due process requires that SSI payments continue, although the Agency has determined that a payment reduction or termination is in order, such payments are not erroneous.	Unavoidable
Payments made incorrectly because of program design	SSI	Reported as an unavoidable erroneous payment in the APP	The law requires that SSI payments be made on the first of the month based on projected income for that particular month. Changes in the recipient's status can occur during the month, which causes the recipient's eligibility to change. Because SSA cannot prevent the overpayment from being made, this situation should not be reflected in the Agency's erroneous payment rate.	Unavoidable

¹ Table provided by SSA Office of Financial Policy and Operations in July 2010.

² Disability Insurance (DI).

³ Supplemental Security Income (SSI).

⁴ Annual Performance Plan (APP).

Types of Payments	Program	Current Status	Reason for Overpayment/Underpayment	Classification
Payments issued after death	OASI ⁵ , DI, and SSI	Not currently reflected as an error ⁶	Dollars released after death (either electronically or in the form of a paper check) that are reclaimed by the Department of the Treasury or returned unendorsed, should not be reflected in the Agency's erroneous payment rate. Conversely, payments made after death that are improperly cashed or withdrawn, and are subject to overpayment recovery, should be reported.	Unavoidable except for fraud or misuse
Non-receipt of payment	OASI, DI, and SSI	Not currently reflected as an error	Duplicate payments issued in accordance with the Robinson-Reyf Court decision are unavoidable and should not be reflected in the Agency's reports on erroneous payments. The only exception is duplicates incorrectly sent to abusers.	Unavoidable except for fraud or misuse
Payments based on medical eligibility	DI and SSI	Not currently reflected as an error	Payments are not erroneous if they are the result of a medical improvement review standard or a situation where the beneficiary would have been ineligible had the law permitted retroactive ineligibility.	Should not be included in the erroneous payment estimate
Payments made for OASI and DI beneficiaries based on earnings estimates	DI and OASI	Not currently reflected as an error	When program design requires that the Agency make payments based on estimated earnings, these payments should not be considered erroneous.	Unavoidable
Undetected error	OASI, DI, and SSI	Not currently reported as an error	The Agency should not reflect undetected error in its erroneous payment rate unless it has evidence that a specific type of erroneous payment was made.	Should not be included in the erroneous payment estimate
Duplicate payments to attorneys, vendors, and employees	Administrative Expense	Not currently reported as an error	Systems do not capture when the overpayment occurs; however, this type of error does not meet the reporting threshold.	Avoidable

⁵ Old-Age and Survivors Insurance (OASI).

⁶ Per Office of Quality Performance (OQP), these payments can be recorded as erroneous if not returned timely per the stewardship review protocol.

Appendix D

OIG Contacts and Staff Acknowledgments

OIG Contacts

Victoria Vetter, Director, Financial Audit Division

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The Office of the Inspector General (OIG) is comprised of an Office of Audit (OA), Office of Investigations (OI), Office of the Counsel to the Inspector General (OCIG), Office of External Relations (OER), and Office of Technology and Resource Management (OTRM). To ensure compliance with policies and procedures, internal controls, and professional standards, the OIG also has a comprehensive Professional Responsibility and Quality Assurance program.

Office of Audit

OA conducts financial and performance audits of the Social Security Administration's (SSA) programs and operations and makes recommendations to ensure program objectives are achieved effectively and efficiently. Financial audits assess whether SSA's financial statements fairly present SSA's financial position, results of operations, and cash flow. Performance audits review the economy, efficiency, and effectiveness of SSA's programs and operations. OA also conducts short-term management reviews and program evaluations on issues of concern to SSA, Congress, and the general public.

Office of Investigations

OI conducts investigations related to fraud, waste, abuse, and mismanagement in SSA programs and operations. This includes wrongdoing by applicants, beneficiaries, contractors, third parties, or SSA employees performing their official duties. This office serves as liaison to the Department of Justice on all matters relating to the investigation of SSA programs and personnel. OI also conducts joint investigations with other Federal, State, and local law enforcement agencies.

Office of the Counsel to the Inspector General

OCIG provides independent legal advice and counsel to the IG on various matters, including statutes, regulations, legislation, and policy directives. OCIG also advises the IG on investigative procedures and techniques, as well as on legal implications and conclusions to be drawn from audit and investigative material. Also, OCIG administers the Civil Monetary Penalty program.

Office of External Relations

OER manages OIG's external and public affairs programs, and serves as the principal advisor on news releases and in providing information to the various news reporting services. OER develops OIG's media and public information policies, directs OIG's external and public affairs programs, and serves as the primary contact for those seeking information about OIG. OER prepares OIG publications, speeches, and presentations to internal and external organizations, and responds to Congressional correspondence.

Office of Technology and Resource Management

OTRM supports OIG by providing information management and systems security. OTRM also coordinates OIG's budget, procurement, telecommunications, facilities, and human resources. In addition, OTRM is the focal point for OIG's strategic planning function, and the development and monitoring of performance measures. In addition, OTRM receives and assigns for action allegations of criminal and administrative violations of Social Security laws, identifies fugitives receiving benefit payments from SSA, and provides technological assistance to investigations.