

Audit Report

The Social Security Administration's
Reporting of High-dollar
Overpayments in Fiscal Year 2019
Under Executive Order 13520

MEMORANDUM

Date: December 6, 2019 **Refer To:**

To: The Commissioner

From: Inspector General

Subject: The Social Security Administration's Reporting of High-dollar Overpayments in Fiscal Year 2019 Under Executive Order 13520 (A-15-18-50681)

The attached final report presents the results of the Office of Audit's review. The objectives were to determine whether the (1) method the Social Security Administration used to identify high-dollar overpayments detected overpayments that met Executive Order 13520 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 Rona Lawson, Assistant Inspector General for Audit, at 410-965-9700.



Gail S. Ennis

Attachment

The Social Security Administration's Reporting of High-dollar Overpayments in Fiscal Year 2019 Under Executive Order 13520

A-15-18-50681



December 2019

Office of Audit Report Summary

Objectives

To determine whether the (1) method the Social Security Administration (SSA) used to identify high-dollar overpayments detected overpayments that met Executive Order 13520 criteria and (2) Agency complied with all requirements of the Executive Order.

Background

As part of Executive Order 13520, each agency head is required to submit a quarterly report on high-dollar overpayments identified by the agency. The report should describe any actions the agency has taken, or plans to take, to recover high-dollar overpayments as well as any actions the agency intends to take to prevent overpayments from occurring in the future.

To determine the payment accuracy and entitlement/eligibility of benefit payments made during a sample period, SSA conducts stewardship reviews, which examine the non-medical eligibility factors in SSA's programs. Since 2010, SSA has used these reviews to determine whether there are reportable quarterly high-dollar overpayments.

We reviewed the Agency Head Quarterly High-dollar Overpayment Reports to the Office of the Inspector General, as required by Executive Order 13520, *Reducing Improper Payments*, for Fiscal Year 2019.

Conclusions

SSA complied with all requirements of Executive Order 13520. Further, SSA's methodology did not detect any overpayments that met the Executive Order's criteria.

As we noted in previous audits, SSA's stewardship reviews will not capture all high-dollar overpayments as defined in the Executive Order. The stewardship review sample period is based on 1 month of payment data, and the payment errors in a sample case may include payments that related to prior quarters. In response to those audits, SSA informed us that, "... it is highly unlikely that the agency would identify improper overpayments to individuals, including via its stewardship reviews in [Supplemental Security Income] that would meet the criteria in the Executive Order's implementing guidance" SSA continued using the stewardship reviews to identify high-dollar overpayments based on Office of Management and Budget approval.

We are not making any recommendations since SSA complied with all requirements and, based on its stewardship review, did not detect any overpayments that met the Executive Order's criteria.

Agency Comments

SSA reviewed the draft report and had no comments.

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ABBREVIATIONS

Fed. Reg.	Federal Register
FY	Fiscal Year
OARO	Office of Analytics, Review, and Oversight
OASDI	Old-Age, Survivors and Disability Insurance
OIG	Office of the Inspector General
OMB	Office of Management and Budget
Pub. L. No.	Public Law Number
SSA	Social Security Administration
SSI	Supplemental Security Income
U.S.C.	United States Code

OBJECTIVES

Our objectives were to determine whether the (1) method the Social Security Administration (SSA) used to identify high-dollar overpayments detected overpayments that met Executive Order 13520 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 the right recipient is receiving the correct payment. On November 20, 2009, the President issued Executive Order 13520 “... 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.”¹

As part of the Executive Order, each agency head is required to submit to the agency’s Office of the Inspector General (OIG) and the Council of Inspectors General on Integrity and Efficiency a quarterly report on high-dollar overpayments identified by the agency, subject to Federal privacy policies and to the extent permitted by law.² The report should describe any actions the agency has taken, or plans to take, to recover high-dollar overpayments as well as any actions the agency intends to take to prevent future overpayments.³ 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 the total payment to an

¹ Reducing Improper Payments, Executive Order 13520, 74 Fed. Reg. 62201, p. 62201 (November 25, 2009).

² All agencies with programs susceptible to significant overpayments under the *Improper Payments Information Act of 2002*, Pub. L. No. 107-300, 116 Stat. 2350, as amended by the *Improper Payments Elimination and Recovery Act of 2010*, Pub. L. No. 111-204, 124 Stat. 2224, and the *Improper Payments Elimination and Recovery Improvement Act of 2012*, Pub. L. No. 112-248, 126 Stat. 2390, are required to submit reports on high-dollar overpayments. SSA has conducted risk assessments on each program to identify the programs susceptible to significant overpayments and concluded that non-program administrative payments, such as payroll, benefits, vendor payments, and travel, are not susceptible to significant improper payments. Therefore, SSA’s high-dollar reporting only focuses on benefit payments.

³ Reducing Improper Payments, Executive Order 13520, 74 Fed. Reg. 62201, p. 62203 (November 25, 2009).

⁴ OMB, *Requirements for Effective Estimation and Remediation of Improper Payments, Appendix C to Circular A-123, M-15-02*, Part III, Section D1, p. 51, (October 20, 2014). OMB Circular A-123 Appendix C was revised in June 2018. This version superseded the October 2014 version; however, it no longer included a definition for high-dollar overpayments. Therefore, for this report, we reference the 2014 version for historical purposes.

1. individual exceeds \$25,000 as a single payment or in cumulative payments for the quarter or
2. entity exceeds \$100,000 as a single payment or in cumulative payments for the quarter.⁵

To determine the payment accuracy and entitlement/eligibility of benefit payments made during a sample period, SSA's Office of Analytics, Review, and Oversight (OARO) conducts stewardship reviews. These stewardship reviews examine the non-medical eligibility factors in the Old-Age, Survivors and Disability Insurance (OASDI) and Supplemental Security Income (SSI) programs. Each month, OARO selects a statistically valid sample of beneficiaries who received one or more payments during the review period. For each case selected, an OARO employee interviews the beneficiary or representative payee; makes other contacts, as needed; and re-develops all non-medical factors of entitlement as of the sample month. Since 2010, SSA has used these reviews to determine whether there are reportable quarterly high-dollar overpayments.⁶

SSA issued its four high-dollar reports to the OIG on January 14, April 5, July 15, and October 17, 2019 for the quarters ended December 31, 2018 and March 31, June 30, and September 30, 2019, respectively. Based on its sample of annual payment accuracy reviews from a representative sample of OASDI and SSI payment cases, the Agency did not report any instances that met the definition of a high-dollar overpayment for Fiscal Year (FY) 2019. We reviewed these reports to ensure SSA met the requirements of Executive Order 13520, *Reducing Improper Payments*.

⁵ An entity is a non-individual or a Federal, State, or local government agency. OMB, *Requirements for Effective Estimation and Remediation of Improper Payments, Appendix C to Circular A-123, M-15-02*, Appendix C, Part III, p.51, note 16 (October 20, 2014).

⁶ For further information on the Agency's stewardship reviews and payment accuracy rates, refer to our previous reviews: SSA, OIG, *The Social Security Administration's Reporting of High-Dollar Overpayments Under Executive Order 13520, A-15-10-21142*, (December 2010); *The Social Security Administration's Reporting of High-Dollar Overpayments Under Executive Order 13520 in Fiscal Year 2011, A-15-11-01140*, (December 2011); and *The Social Security Administration's Reporting of High-dollar Overpayments Under Executive Order 13520 in Fiscal Year 2012, A-15-13-13068*, (December 2012).

RESULTS OF REVIEW

SSA complied with all requirements of Executive Order 13520. Further, SSA's methodology did not detect any overpayments that met the Executive Order's criteria.

SSA's Methodology for Identifying High-dollar Overpayments

SSA data obtained during stewardship reviews limited the proper analysis of cases for high-dollar overpayment reports. Although we presented these limitations to the Agency in previous reviews, SSA continued using the stewardship reviews to identify high-dollar overpayments based on OMB approval. These limitations were as follows. For further information on these limitations, refer to our previous reviews.⁷

1. The sample period OARO reviewed included only 1 month of payment data; therefore, the data reviewed did not include the total benefit payments and/or overpayments made to a beneficiary or recipient that occurred in the entire quarter.
2. The sample cases OARO reviewed during a given quarter may have included payments that related to prior quarters because it can take several months to review stewardship cases.

In addition, in two prior reviews,⁸ we analyzed extracts from the Master Beneficiary and Supplemental Security Records as well as the Recovery of Overpayments Accounting and Reporting system. We identified cases that potentially met high-dollar criteria and concluded that SSA may have identified cases had it used a similar methodology.

After each quarter of FY 2019, the Agency provided us information on its stewardship reviews. We selected a random sample of 50 cases to review and ensured the documentation matched the data in the Electronic Quality Assurance system.⁹ We did not note any issues in our review of the December 2018 and March, June, and September 2019 quarters.

⁷ See Footnote 6.

⁸ SSA, OIG, *The Social Security Administration's Reporting of High-Dollar Overpayments Under Executive Order 13520, A-15-10-21142*, (December 2010); *The Social Security Administration's Reporting of High-Dollar Overpayments Under Executive Order 13520 in Fiscal Year 2011, A-15-11-01140*, (December 2011).

⁹ The Electronic Quality Assurance system is a standardized Web-enabled application for SSA's quality assurance programs. This system selects samples for mandated studies and allows reviewers to store the results of sampled cases and report the results to other monitoring authorities.

Executive Order Requirements the Agency Addressed

During the review period, SSA met OMB's guidance for implementing requirements of Executive Order 13520.¹⁰ Specifically, SSA included all required information in its reports and posted information related to the high-dollar overpayments on the Agency's Website.

Required Information Included in Reports

According to OMB's guidance, all agencies that have programs susceptible to significant improper payments under the *Improper Payments Information Act of 2002*, as amended by *Improper Payments Elimination and Recovery Act of 2010* and *Improper Payments Elimination and Recovery Improvement Act of 2012*, are required to submit reports on high-dollar overpayments. At a minimum, the report should describe

3. the total amount of high-dollar overpayments made by the agency;
4. any actions the agency has taken or plans to take to recover high-dollar overpayments; and
5. any actions the agency will take to prevent future overpayments.¹¹

OMB guidance also states that, for any given quarter, if an agency with programs susceptible to significant improper payments has had no high-dollar overpayments, it should inform OMB and the agency's OIG of that fact.¹²

Based on the methodology SSA used for the quarters ended December 31, 2018 and March 31, June 30, and September 30, 2019, the Agency did not report any high-dollar overpayments that met the Executive Order's criteria. The Agency submitted emails to OMB and the OIG on January 14, April 5, July 15, and October 17, 2019, stating that, based on the annual payment accuracy reviews from a representative sample of OASDI and SSI cases, no cases met the definition of a high-dollar overpayment. SSA timely submitted all four of these reports to OMB and the OIG.

¹⁰ OMB, *Requirements for Effective Estimation and Remediation of Improper Payments, Appendix C to Circular A-123, M-15-02*, Part III, (October 20, 2014).

¹¹ OMB, *Requirements for Effective Estimation and Remediation of Improper Payments, Appendix C to Circular A-123, M-15-02*, Part III, section D3, p. 52 (October 20, 2014).

¹² OMB, *Requirements for Effective Estimation and Remediation of Improper Payments, Appendix C to Circular A-123, M-15-02*, Part III, section D4, p. 52 (October 20, 2014).

Website Submission

According to OMB guidance, agencies may report high-dollar overpayment information to the public on their own Websites or through other mechanisms designed to allow the public access to agency information.¹³ On January 14, April 5, July 15, and October 17, 2019, SSA submitted emails to OMB and the OIG stating it had not identified any cases that met the definition of a high-dollar overpayment during each quarter. To ensure the public could view these reports, SSA updated its Website¹⁴ with information related to high-dollar overpayments for the quarters ended December 2018 and March, June, and September 2019.

CONCLUSIONS

During the review period, SSA complied with the requirements of Executive Order 13520. SSA's methodology did not detect any overpayments that met the Executive Order's criteria.

As we noted in previous audits, SSA's stewardship reviews will not capture all high-dollar overpayments as defined in the Executive Order. The stewardship review sample period is based on 1 month of payment data, and the payment errors in a sample case may include payments that related to prior quarters. In response to those audits, SSA informed us 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 . . ." SSA continued using these stewardship reviews to identify high-dollar overpayments based on OMB approval.

We are not making any recommendations since SSA complied with all requirements and, based on its stewardship reviews, did not detect any overpayments that met the Executive Order's criteria.

AGENCY COMMENTS

SSA reviewed the draft report and had no comments, see Appendix B.



Rona Lawson
Assistant Inspector General for Audit

¹³ See Footnote 11.

¹⁴ <https://www.ssa.gov/improperpayments/highDollar.html>.

APPENDICES

Appendix A – SCOPE AND METHODOLOGY

Our review was for the limited purpose described in the objectives and would not necessarily identify all deficiencies in internal controls for determining high-dollar overpayments. We did not assess the Social Security Administration's (SSA) overall internal control structure. Rather, we limited our review to obtaining an understanding of how SSA developed its quarterly reports on high-dollar overpayments and reviewed those reports for compliance with the Executive Order.

To accomplish our objectives, we:

- Reviewed the Agency Head Quarterly High-dollar Overpayment Reports issued pursuant to Executive Order 13520, *Reducing Improper Payments*, for the quarters ended December 2018 and March, June, and September 2019.
- Reviewed applicable Federal laws.
- Reviewed applicable Office of Management and Budget guidance.
- Reviewed the Fiscal Year 2018 Stewardship Review Reports for the Old-Age, Survivors and Disability Insurance and Supplemental Security Income programs.
- Analyzed the narrative of the Agency Head Quarterly High-dollar Overpayment reports to ensure compliance with all requirements of the Executive Order.
- Requested data from the Office of Analytics, Review, and Oversight to support the cases reviewed for the quarterly high-dollar overpayment reports.
- Analyzed the data to determine whether any cases met the criteria for being reported as a high-dollar overpayment.
- Traced a random sample of cases each quarter from the data provided by the Agency to the Electronic Quality Assurance system to ensure the accuracy of the data.

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

We conducted our review from February through October 2019 in Baltimore, Maryland. We conducted this audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Appendix B – AGENCY COMMENTS



SOCIAL SECURITY

Office of the Commissioner

MEMORANDUM

Date: November 26, 2019

Refer To: S1J-3

To: Gail S. Ennis
Inspector General

A handwritten signature of "Stephanie Hall" is written over a decorative background that resembles a map outline of the United States.

From: Stephanie Hall
Chief of Staff

Subject: Office of the Inspector General Draft Report, "The Social Security Administration's Reporting of High-dollar Overpayments in Fiscal Year 2019 Under Executive Order 13520" (A-15-18-50681) -- INFORMATION

Thank you for the opportunity to review the draft report. We appreciate your work in this area and have no comments.

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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