

Follow-up: Collection of Civil Monetary Penalties

A-06-14-14047



March 2015

Office of Audit Report Summary

Objective

To assess the Social Security Administration's (SSA) effectiveness in collecting civil monetary penalties (CMP).

Background

CMPs are imposed against individuals, organizations, or other entities that violate sections 1129 or 1140 of the *Social Security Act*. A CMP may have two parts: an assessment of no more than twice the amount of benefits paid because of the violation and/or, with limited exceptions, a penalty of no more than \$5,000 for each violation.

In our August 2011 report, *Collection of Civil Monetary Penalties* (A-06-11-11136), we determined that, while section 1140 CMP collection efforts were effective, section 1129 CMP collection efforts required improvement. Our report included three recommendations that SSA agreed to implement.

For this review, we updated the collection status of section 1129 cases reviewed during our 2011 audit and determined the collection status of CMPs issued between January 2010 and December 2012.

Findings

Section 1140 CMP collection efforts were effective. All \$526,000 in CMPs imposed during the audit period were collected in full.

SSA's section 1129 CMP collection efforts still require improvement. SSA had made some progress collecting unpaid balances from the 50 randomly selected CMPs included in our prior review but had not effectively addressed collection errors identified during our 2011 audit. SSA also had not developed a database to track and monitor CMP cases or provide periodic reports to SSA management on the status of CMP collection activities.

Our review of 50 randomly selected CMPs imposed from January 2010 through December 2012 indicated that SSA had collected only 13 percent of the amounts imposed. Based on our sample results, we estimate that SSA had not initiated any collection action on approximately \$1.6 million of the \$19 million in CMPs imposed during that period.

SSA did not always collect CMP balances in accordance with approved collection terms from individuals who received SSA payments. Further, SSA did not initiate alternative collection action against individuals who did not receive SSA payments or voluntarily remit CMP restitution. Addressing and correcting these discrepancies could improve CMP recoveries.

Recommendations

We recommend that SSA (1) identify an accountable official responsible for developing a time-phased action plan to implement a process for monitoring CMP collection status, and (2) Pursue alternative methods to collect section 1129 CMP balances due from individuals who do not receive SSA payments or voluntarily remit restitution.

SSA agreed with our recommendations.