

Audit Report

The Social Security Administration's
Reporting of High-dollar
Overpayments Under Executive
Order 13520 in Fiscal Year 2017



Office of the Inspector General

SOCIAL SECURITY ADMINISTRATION

MEMORANDUM

The attached final report presents the results of the Office of Audit's review. The objectives were to review 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 the quarters ended December 2016 and March, June, and September 2017. We also determined whether the (1) method used to identify high-dollar overpayments detected overpayments that met 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 Rona Lawson, Assistant Inspector General for Audit, 410-965-9700.

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Attachment

The Social Security Administration's Reporting of High-dollar Overpayments Under Executive Order 13520 in Fiscal Year 2017

A-15-18-50280



December 2017

Office of Audit Report Summary

Objectives

To review 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 the quarters ended December 2016 and March, June, and September 2017. We also determined whether the (1) method used to identify high-dollar overpayments detected overpayments that met the Executive Order 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 shall 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.

Conclusions

We reviewed the Social Security Administration (SSA) reports on quarterly high-dollar overpayments for the quarters ended December 31, 2016 and March 31, June 30, and September 30, 2017. Additionally, we tested a sample of stewardship reviews each quarter to ensure the data the Agency provided matched the review results in the Electronic Quality Assurance system. We determined the Agency had complied with all requirements of Executive Order 13520. SSA's methodology did not detect any overpayments that met the Executive Order's criteria.

The data obtained through the stewardship reviews limited the proper analysis of cases as part of the reporting of high-dollar overpayments. 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. . ." Although we presented these limitations to SSA in previous reviews, and it has acknowledged it is unlikely it will identify high-dollar overpayments using the current methodology, SSA continues using the stewardship reviews to identify high-dollar overpayments based on Office of Management and Budget approval.

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ABBREVIATIONS

Fed. Reg.	Federal Register
FY	Fiscal Year
IPERA	<i>Improper Payments Elimination and Recovery Act of 2010</i>
IPERIA	<i>Improper Payments Elimination and Recovery Improvement Act of 2012</i>
IPIA	<i>Improper Payments Information Act of 2002</i>
OASDI	Old-Age, Survivors and Disability Insurance
OARO	Office of Analytics, Review, and Oversight
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 review the Social Security Administration's (SSA) Agency Head 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 2016 and March, June, and September 2017. We also determined whether the (1) method used to identify high-dollar overpayments detected overpayments that met 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 the right recipient is receiving the correct payment. On November 20, 2009, the President issued Executive Order 13520¹ "... 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 a quarterly report on high-dollar overpayments identified by the agency, subject to Federal privacy policies and to the extent permitted by law.³ The report shall 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.⁴ According to Office of Management and Budget (OMB) guidance,⁵ 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*, 74 Fed. Reg. 62201 (November 25, 2009).

² *Reducing Improper Payments*, 74 Fed. Reg. 62201, §1 (November 25, 2009).

³ All agencies with programs susceptible to significant overpayments under the *Improper Payments Information Act of 2002* (IPIA), Pub. L. No. 107-300, 116 Stat 2350 (November 26, 2002), as amended by the *Improper Payments Elimination and Recovery Act of 2010* (IPERA), Pub. L. No. 111-204, 124 Stat. 2224 (July 22, 2010) and the *Improper Payments Elimination and Recovery Improvement Act of 2012* (IPERIA), Pub. L. No. 112-248, 126 Stat. 2390 (January 10, 2013), 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 administrative payments are not susceptible to significant improper payments. Therefore, the Agency's high-dollar reporting only focuses on benefit payments.

⁴ *Reducing Improper Payments*, 74 Fed. Reg. 62201, 62203, §3(f) (November 25, 2009).

⁵ OMB, Circular A-123, *Requirements for Effective Estimation and Remediation of Improper Payments*, M-15-02, Appendix C, Part III, Section D1, p. 51, (October 20, 2014).

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.⁶

Stewardship Reviews

SSA's Office of Analytics, Review, and Oversight (OARO)⁷ conducts stewardship reviews to examine 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. OARO uses these reviews to determine whether there are any reportable quarterly high-dollar overpayments. For further information on the Agency's stewardship reviews and payment accuracy rates, refer to the background information in our previous reviews.⁸

SSA issued its four high-dollar reports to the OIG on January 25, April 13, July 18, and October 31, 2017 for the quarters ended December 31, 2016 and March 31, June 30, and September 30, 2017, 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) 2017.

RESULTS OF REVIEW

We reviewed reports on quarterly high-dollar overpayments for the quarters ended December 31, 2016 and March 31, June 30, and September 30, 2017 to ensure the Agency had implemented a methodology for identifying high-dollar overpayments that detected overpayments and complied with all the Executive Order's requirements. In addition, we tested a sample of stewardship reviews each quarter to ensure the data the Agency provided matched the review results in the Electronic Quality Assurance system.⁹ Overall, we determined SSA's methodology for identifying high-dollar overpayments complied with all the Executive Order's

⁶ An entity is a non-individual or a Federal, State, or local government agency. OMB, Circular A-123, *Requirements for Effective Estimation and Remediation of Improper Payments* M-15-02, Appendix C, Part III, note 16, p. 51 (October 20, 2014).

⁷ OARO was established on October 1, 2017. The Office of Quality Review, formerly within the Office of Budget, Finance, and Management, is now included within OARO.

⁸ SSA OIG, *The Social Security Administration's Reporting of High-Dollar Overpayments Under Executive Order 13520* (A-15-10-21142), December 2010; SSA OIG, *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 SSA OIG, *The Social Security Administration's Reporting of High-dollar Overpayments Under Executive Order 13520 in Fiscal Year 2012* (A-15-13-13068), December 2012.

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.

requirements. SSA's methodology did not detect any overpayments that met the Executive Order's criteria.

SSA's Methodology for Identifying High-dollar Overpayments

We reviewed SSA's methodology for identifying high-dollar overpayments to determine whether it detected any overpayments that met the Executive Order's criteria. Specifically, we learned how the Agency used results from its stewardship reviews to identify high-dollar overpayments. We also obtained Agency support for its stewardship reviews, which we analyzed for each quarter. We noted that data obtained during stewardship reviews limited the proper analysis of cases for the high-dollar overpayment reports. These limitations were as follows.

1. The sample period OARO reviewed included only 1 month of payment data; therefore, the data reviewed for reporting on quarterly high-dollar overpayments usually 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.

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. For further information on these limitations, refer to our previous reviews.¹⁰

Each quarter of the FY, we receive information from the Agency for its stewardship reviews and select a random sample of 50 cases to review and ensure the documentation matches the data in the Electronic Quality Assurance system. We did not note any issues while reviewing the December 2016 and March, June, and September 2017 quarters.

Requirements of Executive Order Addressed by the Agency

In October 2014, OMB issued guidance for implementing requirements of Executive Order 13520.¹¹ We reviewed the Agency Head Quarterly High-dollar Overpayment Reports for the quarters ended December 2016 and March, June, and September 2017 to ensure SSA complied with all the Executive Order's requirements.

¹⁰ See Footnote 8.

¹¹ OMB, Circular A-123, *Requirements for Effective Estimation and Remediation of Improper Payments*, Appendix C, Part III (October 20, 2014).

Required Information Included in Reports

According to OMB's guidance, all agencies that have programs susceptible to significant improper payments under IPIA, as amended by IPERA and IPERIA, are required to submit reports on high-dollar overpayments. At a minimum, the report should describe

1. the total amount of high-dollar overpayments made by the agency;
2. any actions the agency has taken or plans to take to recover high-dollar overpayments; and
3. any actions the agency will take to prevent future overpayments.¹²

Agencies with programs susceptible to significant improper payments under IPIA, as amended by IPERA and IPERIA, are required to report quarterly on high-dollar overpayments that occurred in those programs. The 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.¹³

Based on the methodology SSA used for the quarters ended December 31, 2016 and March 31, June 30, and September 30, 2017, SSA 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 25, April 13, July 18, and October 31, 2017, 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 the OIG and OMB.

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.¹⁴ On January 25, April 13, July 18, and October 31, 2017, 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 Website¹⁵ with information related to high-dollar overpayments for the quarters ended December 2016 and March, June, and September 2017.

¹² OMB, Circular A-123, *Requirements for Effective Estimation and Remediation of Improper Payments*, M-15-02, Appendix C, Part III, Section D3, p. 52 (October 20, 2014).

¹³ OMB, Circular A-123, *Requirements for Effective Estimation and Remediation of Improper Payments*, M-15-02, Appendix C, Part III, Section D4, p. 52 (October 20, 2014).

¹⁴ See Footnote 13.

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

CONCLUSIONS

We reviewed reports on quarterly high-dollar overpayments for the quarters ended December 31, 2016 and March 31, June 30, and September 30, 2017. Additionally, we tested a sample of stewardship reviews each quarter to ensure the data the Agency provided matched the review results in the Electronic Quality Assurance system. We concluded that SSA's methodology did not detect any overpayments that met the Executive Order's criteria and complied with the Executive Order.

We noted the data obtained through the stewardship reviews limited the proper analysis of cases as part of the reporting of high-dollar overpayments. 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. . ." Although we presented these limitations to SSA in previous reviews,¹⁶ and it has acknowledged it is unlikely to identify high-dollar overpayments using the current methodology, SSA continues using the stewardship reviews to identify high-dollar overpayments based on OMB approval.

AGENCY COMMENTS

SSA reviewed the draft report and had no comments.



Rona Lawson
Assistant Inspector General for Audit

¹⁶ SSA OIG, *The Social Security Administration's Reporting of High-Dollar Overpayments Under Executive Order 13520* (A-15-10-21142), December 2010; SSA OIG, *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 SSA OIG, *The Social Security Administration's Reporting of High-dollar Overpayments Under Executive Order 13520 in Fiscal Year 2012* (A-15-13-13068), December 2012.

APPENDIX

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 2016 and March, June, and September 2017.
- Reviewed applicable Federal laws.
- Reviewed applicable Office of Management and Budget guidance.
- Reviewed the Fiscal Year 2016 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 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 November 2017 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 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.

MISSION

By conducting independent and objective audits, evaluations, and investigations, the Office of the Inspector General (OIG) inspires public confidence in the integrity and security of the Social Security Administration's (SSA) programs and operations and protects them against fraud, waste, and abuse. We provide timely, useful, and reliable information and advice to Administration officials, Congress, and the public.

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