
**OFFICE OF
THE INSPECTOR GENERAL**

SOCIAL SECURITY ADMINISTRATION

**INDIVIDUALS RECEIVING
MULTIPLE OLD-AGE, SURVIVORS
AND DISABILITY INSURANCE BENEFITS**

September 2009 A-01-08-28048

AUDIT REPORT



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.



SOCIAL SECURITY

MEMORANDUM

Date: September 17, 2009 **Refer To:**

To: The Commissioner

From: Inspector General

Subject: Individuals Receiving Multiple Old-Age, Survivors and Disability Insurance Benefits (A-01-08-28048)

OBJECTIVE

Our objective was to quantify overpayments to individuals receiving multiple Old-Age, Survivors and Disability Insurance benefits.

BACKGROUND

The Social Security Administration (SSA) administers the Old-Age, Survivors and Disability Insurance program under Title II of the *Social Security Act*.¹ The program provides monthly benefits to retired or disabled workers and their families and to survivors of deceased workers.

In our August 2006 audit, *Benefits Paid to Dually Entitled Title II Beneficiaries* (A-01-06-26004), we estimated SSA incorrectly paid about \$23 million to approximately 1,400 beneficiaries because it incorrectly calculated payment amounts due. The results of that audit led us to conduct this review.

DUAL ENTITLEMENT

Dual entitlement exists when a beneficiary is entitled to more than one benefit at the same time. For example, a beneficiary may be entitled to retirement benefits on his or her own earnings record and to spouse's benefits on another person's earnings record. Although a beneficiary may be simultaneously entitled to more than one benefit, the total benefit may not be greater than the highest single benefit amount to which he or she is entitled. Generally, SSA calculates the amounts due and combines the benefits

¹ *Social Security Act* § 201 *et seq.*, 42 U.S.C. § 401 *et seq.*

into one monthly payment.² In December 2007, about 6.6 million retired or disabled workers were entitled to receive benefits on multiple records.³

METHODOLOGY

To accomplish our objective, we identified a population of 13,625 beneficiaries whose benefit payments appeared to exceed the maximum amount they were entitled to receive. Our 2006 review identified overpaid dually entitled beneficiaries using dual-entitlement information on the beneficiaries' records. To identify the population for this review, we compared the amount dually entitled beneficiaries were actually paid to the highest single benefit amount they were entitled to receive.

We randomly selected 275 records from this group for detailed analysis and requested the assistance of SSA's Office of Operations to review the payment amounts and take corrective action as needed. (See Appendix A for our Scope, Methodology, and Sample Results.)

RESULTS OF REVIEW

Generally, we found SSA did not pay our population of dually entitled beneficiaries more than they were entitled to receive. However, based on the results of our sample, we estimate that SSA incorrectly calculated benefits paid to about 446 beneficiaries. We estimate the total effect of these calculation errors is about \$2.2 million, including about \$1.6 million in benefits SSA already paid and about \$574,000 in future benefit payments over the next 12 months.⁴

SAMPLE RESULTS

We randomly selected 275 records for detailed analysis and found:

- 9 cases were overpaid;
- 13 cases had been overpaid but were detected and addressed by SSA; and

² SSA, Program Operations Manual System, GN 02401.025. Generally, benefits are combined into one monthly payment unless they are derived from different Trust Funds.

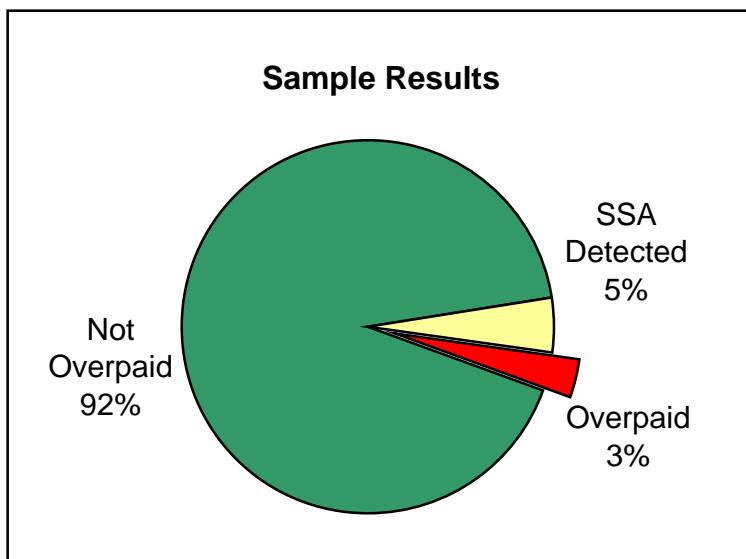
³ This includes 6.4 million retired workers and 249,677 disabled workers who were dually entitled. See *SSA Annual Statistical Supplement, 2008* (Table 5.G1), March 2009, and *Annual Statistical Report on the Social Security Disability Insurance Program, 2007* (Table 25), September 2008.

⁴ The sample results showed multiple cases with low dollar amounts and multiple cases with high dollar amounts; see Appendix A for more information.

- 253 cases were not overpaid. However, some of the cases were not properly coded in SSA's systems as having delayed retirement credits.⁵ SSA staff reviewed 50 of our sample cases and determined that at least 20 lacked the proper delayed retirement credit coding on the benefit record.⁶ While the lack of coding did not impact the payment amounts, proper coding of the beneficiary's record is needed to show that benefits are being paid properly.

Dual-Entitlement Payments Corrected Based on Audit

In total, nine beneficiaries in our sample (3 percent) were incorrectly paid \$32,960. Additionally, we estimate SSA would have paid about \$11,580 to these beneficiaries over the next 12 months if the payment errors were not corrected.



correct the benefit payment. If the overpayment continued, the beneficiary would be overpaid about \$2,200 over the next 12 months.

For example, one beneficiary was dually entitled to both a retirement benefit and a widow's benefit beginning in November 2005. Although the two benefits were combined and issued as one monthly payment, the benefit amount exceeded the amount to which the beneficiary was entitled. As a result, the beneficiary was overpaid \$7,516 through March 2009. We referred this case to SSA to

CONCLUSION AND RECOMMENDATIONS

We found some beneficiaries in our population were not entitled to all the benefits paid to them. Based on our sample results, we estimated that SSA paid 446 beneficiaries approximately \$1.6 million more in benefits than they were due. Unless SSA corrects these overpayments, about \$574,000 in benefits not due will be paid over the next 12 months.

⁵ Delayed retirement credits increase the benefit amount for the months that a beneficiary does not receive a benefit payment between full retirement age and age 70.

⁶ We sent 50 of our 275 sample cases to SSA for analysis and corrective action.

We recommend that SSA:

1. Review the cases in our population most likely to have overpayments to determine whether the proper benefit amounts are being paid.
2. Remind technicians to update benefit records as appropriate to support the benefit payment amounts.

AGENCY COMMENTS

SSA agreed with the recommendations (see Appendix B).

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

Patrick P. O'Carroll, Jr.

Appendices

APPENDIX A – Scope, Methodology, and Sample Results

APPENDIX B – Agency Comments

APPENDIX C – OIG Contacts and Staff Acknowledgments

Scope, Methodology, and Sample Results

To accomplish our objective, we

- researched the *Social Security Act* and the Social Security Administration's (SSA) regulations, policies, and procedures related to dual entitlement;
- obtained from SSA a file of 6.4 million Title II dual entitlement benefit records that were in pay status as of March 2008;
- identified a population of 13,625 beneficiaries who appeared to be receiving more than the highest single benefit amount to which they were entitled;
- selected a random sample of 275 records from the population for detailed analysis;
- analyzed the file and identified 50 beneficiaries who appeared to be receiving more than the highest single benefit amount to which they were entitled and for which SSA could take necessary corrective action under its application of the rules of administrative finality; and
- referred the sample cases to SSA's Office of Operations for review and corrective action.

We conducted our review between March and June 2009 in Boston, Massachusetts. We determined the data used for this audit were sufficiently reliable to meet our audit objective. The principal entities audited were SSA field offices and program service centers under the Deputy Commissioner for Operations. We conducted this performance 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 that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

SAMPLE RESULTS AND PROJECTIONS

Table A-1: Population and sample size

Population Size	13,625
Sample Size	275

Table A-2: Cases with overpayments

	Number of Beneficiaries	Dollars
Identified in Sample ¹	9	\$32,960
Point Estimate	446	\$1,633,018
Projection Lower Limit	236	\$242,513
Projection Upper Limit	765	\$3,023,524

Note: All projections are at the 90-percent confidence level.

Table A-3: Funds SSA would avoid paying over the next 12 months if the erroneous payments are corrected

	Number of Beneficiaries	Dollars
Identified in Sample ²	8	\$11,580
Point Estimate	396	\$573,732
Projection Lower Limit	200	\$109,524
Projection Upper Limit	703	\$1,037,952

Note: All projections are at the 90-percent confidence level.

¹ The sample results of overpaid cases showed multiple cases with low dollar amounts and multiple cases with high dollar amounts. Specifically, the overpayments for the nine cases were \$1; \$4; \$4; \$39; \$1,060; \$2,761; \$7,516; \$10,695; and \$10,880.

² The sample results of cases with ongoing monthly overpayments showed multiple cases with low dollar amounts and multiple cases with high dollar amounts. Specifically, the ongoing monthly overpayments for the eight cases were \$1; \$1; \$1; \$87; \$101; \$185; \$242; and \$347.

Appendix B

Agency Comments



SOCIAL SECURITY

MEMORANDUM

Date: September 8, 2009 Refer To: S1J-3

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

From: Margaret J. Tittel /s/
Acting Chief of Staff

Subject: Office of the Inspector General (OIG) Draft Report, "Individuals Receiving Multiple Old-Age, Survivors, and Disability Insurance Benefits" (A-01-08-28048)--INFORMATION

Thank you for the opportunity to review and comment on the draft report. We appreciate OIG's efforts in conducting this review. Attached is our response to the report findings and recommendations.

Please let me know if we can be of further assistance. Please direct staff inquiries 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, "INDIVIDUALS RECEIVING MULTIPLE OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE BENEFITS" A-01-08-28048

Recommendation 1

Review the cases in our population most likely to have overpayments to determine whether the proper benefit amounts are being paid.

Response

We agree. By January 15, 2010, we will review the cases most likely to have overpayments and determine whether we are paying the proper benefit amounts.

Recommendation 2

Remind technicians to update benefit records as appropriate to support the benefit payment amounts.

Response

We agree. By November 2009, we will issue an administrative message, reminding staff to update benefit records as appropriate to support the benefit payment amounts.

Appendix C

OIG Contacts and Staff Acknowledgments

OIG Contacts

Judith Oliveira, Director, Boston Audit Division

David Mazzola, Audit Manager

Acknowledgments

In addition to those named above:

Kevin Joyce, IT Specialist

David York, Program Analyst

For additional copies of this report, please visit our web site at
www.socialsecurity.gov/oig or contact the Office of the Inspector General's Public Affairs Staff Assistant at (410) 965-4518. Refer to Common Identification Number A-01-08-28048.

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Overview of the Office of the Inspector General

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.