

Non-Entitled Debtors Program

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Office of Audit Report Summary

Objective

To determine whether the Social Security Administration (SSA) was taking full advantage of the Non-Entitled Debtors (NED) program to identify and collect debts owed to SSA.

Background

An NED is a person or entity that owes a debt to SSA but may not be entitled to Social Security benefits or Supplemental Security Income payments. Examples include deceased beneficiaries' representative payees (individual or organizational); persons who owe a court-ordered penalty or restitution; attorneys and non-attorneys who received excess fees; or persons who fraudulently or erroneously obtained benefits.

Before 2005, SSA did not have a process for automatically controlling debts owed by an NED. Further, SSA was unable to use such debt collection tools as the Treasury Offset Program (TOP) and credit bureau reporting to pursue these debts since using them depends on the existence of a Master Beneficiary Record or Supplemental Security Income Record for the debtor.

To address this deficiency and comply with section 201 of the *Foster Care Independence Act of 1999*, SSA created the NED program. The NED program identifies, records, controls, and resolves debts owed by individuals who do not have a master record.

Findings

NED debt collection efforts could be improved. We found SSA did not initiate benefit withholdings to recover about \$452,000 in debts owed by 169 debtors who, based on the information in SSA's systems, met the criteria. In 33 cases, SSA overstated its delinquent debts by approximately \$121,000 because it did not remove debts from deceased beneficiaries' records when debts were satisfied or transferred to the NED's records. Further, SSA was unable to collect about \$95,000 in debts owed by 29 debtors using Administrative Wage Garnishment (AWG) because the debts were not deemed unrecoverable after several years or did not meet the selection criteria for SSA's External Collection Operation.

In addition, SSA erroneously pursued recovery of about \$2.1 million from 369 debtors who were not liable for the debts. The Agency deemed the representative payees liable because of an error in its overpayment system. Moreover, SSA had not expanded the NED initiative to include additional types of NEDs so the Agency could maximize the use of its External Collection Operation tools (Treasury Offset Program, AWG, and credit bureau reporting) to increase debt recovery. The Agency intends to submit a proposal to expand NED for future consideration.

Recommendations

We made five recommendations for SSA to improve its debt collection strategy to increase debt recovery.

SSA agreed with all five of our recommendations.