

Evaluation Report

The Social Security Administration's
Reporting of High-dollar
Overpayments Under Executive
Order 13520 in Fiscal Year 2013



**Office of the Inspector General
SOCIAL SECURITY ADMINISTRATION**

MEMORANDUM

The attached final report presents the results of our review. Our objective was to review the Accountable Official's Quarterly High-dollar Overpayment Report to the Office of the Inspector General (OIG), as required by Executive Order 13520, *Reducing Improper Payments and Eliminating Waste in Federal Programs*, for the quarters ended December 2012 and March, June, and September 2013. 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 Steven L. Schaeffer, Assistant Inspector General for Audit, at (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 2013

A-15-13-13115



December 2013

Office of Audit Report Summary

Objectives

To review the Accountable Official's Quarterly High-dollar Overpayment Report to the Office of the Inspector General (OIG), as required by Executive Order 13520, *Reducing Improper Payments and Eliminating Waste in Federal Programs*, for the quarters ended December 2012 and March, June, and September 2013. 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 improper payments as well as any actions the agency intends to take to prevent improper payments from occurring in the future.

Our Findings

We reviewed reports on quarterly high-dollar overpayments for the quarters ended December 31, 2012, and March 31, June 30, and September 30, 2013 to ensure the Agency implemented a methodology for identifying high-dollar overpayments that detected overpayments and addressed all the Executive Order's requirements. Overall, we determined the Social Security Administration's (SSA) methodology for identifying high-dollar overpayments addressed all of the Executive Order's requirements. However, SSA's methodology did not detect any overpayments that met the Executive Order's criteria.

Conclusions

We noted that, while the data obtained through the stewardship reviews provided adequate results for payment accuracy, it limited the proper analysis of cases as part of the reporting of high-dollar overpayments. SSA has stated, ". . . 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 the unlikelihood of identifying high-dollar overpayments using the current methodology, SSA continues using the stewardship reviews to identify high-dollar overpayments based on approval from the Office of Management and Budget.

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ABBREVIATIONS

CIGIE	Council of Inspectors General on Integrity and Efficiency
Fed. Reg.	Federal Register
FY	Fiscal Year
IPIA	<i>Improper Payments Information Act of 2002</i>
MBR	Master Beneficiary Record
OASDI	Old-Age, Survivors and Disability Insurance
OBFQM	Office of Budget, Finance, Quality and Management
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

OBJECTIVES

Our objective was to review the Accountable Official's Quarterly High-dollar Overpayment Report to the Office of the Inspector General (OIG), as required by Executive Order 13520, *Reducing Improper Payments and Eliminating Waste in Federal Programs*, for the quarters ended December 2012 and March, June, and September 2013. 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 (CIGIE) 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 improper payments as well as any actions the agency intends to take to prevent future improper payments.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

1. total payment to an individual exceeds \$5,000 as a single payment or in cumulative payments for the quarter or

¹ Executive Order 13520, *Reducing Improper Payments and Eliminating Waste in Federal Programs* (November 20, 2009), 74 Fed. Reg. 62201 (November 25, 2009).

² Id. at Section 1.

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) 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 do not meet the criteria for further improper payment reporting. Therefore, the Agency's high-dollar reporting only focuses on benefit payments.

⁴ Id. at Section 3.(f).

⁵ OMB Circular A-123, *Management's Responsibility for Internal Control*, M-10-13, Appendix C, Part III, Section C(3), *Agency Head Quarterly High-Dollar Report to the IG*, page 17, March 22, 2010.

2. payment to an entity⁶ exceeds \$25,000 as a single payment or in cumulative payments for the quarter.

Stewardship Reviews

The Office of Budget, Finance, Quality and Management (OBFQM) 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. OBFQM 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.⁷

The Social Security Administration (SSA) issued its four high-dollar reports to the OIG on January 29, April 29, July 31, and October 31, 2013 for the quarters ended December 31, 2012 and March 31, June 30, and September 30, 2013, respectively. Based on its sample of annual payment accuracy reviews from a representative sample of OASDI and SSI benefit payment cases, the Agency did not report any instances that met the definition of a high-dollar overpayment for the Fiscal Year (FY) 2013 period October 1, 2012 through September 30, 2013.

RESULTS OF REVIEW

We reviewed reports on quarterly high-dollar overpayments for the quarters ended December 31, 2012, and March 31, June 30, and September 30, 2013 to ensure the Agency implemented a methodology for identifying high-dollar overpayments that detected overpayments and addressed all the Executive Order's requirements. Overall, we determined SSA's methodology for identifying high-dollar overpayments addressed all of the Executive Order's requirements. However, SSA's methodology did not detect any overpayments that met the Executive Order's criteria.

⁶ An entity is a non-individual that owes an outstanding improper payment. The term entity excludes an individual acting in either a personal or commercial capacity (that is, a sole proprietor) and Federal, State, and local government agencies. *Id.* at Section C(5)n), *How should agencies identify entities that have received the greatest amount of outstanding improper payments in high-priority programs?*, page 22.

⁷ 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.

The Agency's Methodology for Identifying High-Dollar Overpayments

We reviewed the Agency's methodology for identifying high-dollar overpayments to determine whether it detected any 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 although the stewardship reviews adequately determined payment accuracy, data obtained during those reviews limited the proper analysis of cases for the high-dollar overpayment reports. These stewardship review limitations were as follows.

1. The sample period OBFQM 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 to a beneficiary or recipient that occurred in the entire quarter.
2. The sample cases OBFQM 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 have presented these limitations to the Agency in previous reviews,⁸ SSA continues using the stewardship reviews for identifying high-dollar overpayments based on OMB approval. For further information on the limitations identified above, refer to our previous reviews.⁹

Requirements of Executive Order Addressed by the Agency

In March 2010, OMB issued guidance¹⁰ for implementing requirements of the Executive Order. We reviewed the Accountable Official's Quarterly High-Dollar Overpayment Reports for the quarters ended December 2012 and March, June, and September 2013 to ensure SSA addressed all of the Executive Order's requirements.

⁸ [Id.](#)

⁹ [Id.](#)

¹⁰ OMB Circular A-123, *Management's Responsibility for Internal Control, Requirements for Implementing Executive Order 13520: Reducing Improper Payments* (Appendix C, Part III), March 22, 2010.

Required Information Included in Reports

According to OMB's guidance, all agencies with programs susceptible to significant overpayments under IPIA are required to submit reports on high-dollar overpayments. The report shall

1. list all high-dollar overpayments identified by the agency during the quarter;
2. state whether each high-dollar overpayment was made to an entity or individual and the city/county and State where that entity or individual was located;
3. list the program responsible for each high-dollar overpayment error;
4. describe any actions the agency has taken, or plans to take, to recover high-dollar overpayments (the report should address overall actions and strategies and not focus on individual payments); and
5. describe any actions the agency will take to prevent overpayments from occurring in the future (the report should address overall actions and strategies and not focus on individual payments).¹¹

Agencies shall complete, submit, and publicize these reports by the last day of each quarter. OMB clarified this due date in June 2010, stating, "... future high-dollar quarterly reports can be submitted up to 30 days after the end of the quarter (for example, for the quarter ending June 30th agencies should submit this report to their OIG and OMB by July 30th, by October 30th for the quarter ending September 30th, etc.)."

The guidance also states that if an agency has no high-dollar overpayments during the reporting period, it need only send a letter informing the Controller of OMB that the agency had no high-dollar overpayment errors.¹²

Based on the methodology SSA used for the quarters ended December 31, 2012 and March 31, June 30, and September 30, 2013, SSA did not report any high-dollar overpayments that met the Executive Order's criteria. The Agency submitted emails to the Controller of OMB and the OIG on January 29, April 29, July 31, and October 31, 2013, 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.

¹¹ OMB Circular A-123, Part III (C)(3)(g).

¹² OMB Circular A-123, Part III (C)(3)(h).

Website Submission

According to OMB guidance, within 15 days of submitting the quarterly high-dollar report to the OIG, agencies shall make these reports available to the public by, at a minimum, submitting them to the improper payments Website.¹³ If the agency has no high-dollar overpayments for that period, it submits a “no report” status to the improper payments Website. On January 29, April 29, July 31, and October 31, 2013, SSA submitted emails to OMB and the OIG stating that it had not identified any improper payments during each quarter. Because the improper payment Website did not have the functionality to allow agencies to post high-dollar reports, OMB encouraged Agencies to post reports to their own sites. Therefore, to ensure the public could view these reports, SSA updated its Website¹⁴ with information related to high-dollar overpayments for the quarters ended December 2012 and March, June, and September 2013 within 15 days of submitting the report to the OIG.

CONCLUSIONS

Overall, our review determined that the Agency had addressed all requirements of Executive Order 13520. SSA’s methodology did not detect any overpayments that met the Executive Order’s criteria.

We noted that, while the data obtained through the stewardship reviews provided adequate results for payment accuracy, it limited the proper analysis of cases as part of the reporting of high-dollar overpayments. SSA has stated, “. . . 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,¹⁵ and it has acknowledged the unlikelihood of identifying high-dollar overpayments using the current methodology, SSA continues using the stewardship reviews to identify high-dollar overpayments based on approval from OMB.

AGENCY COMMENTS

SSA reviewed the draft report and provided one technical comment, which we addressed.

¹³ <http://www.paymentaccuracy.gov>.

¹⁴ <http://www.ssa.gov/improperpayments/>.

¹⁵ 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.

APPENDICES

Appendix A – SCOPE AND METHODOLOGY

To accomplish our objectives, we:

- Reviewed the Accountable Official’s Quarterly High-Dollar Overpayment Reports issued pursuant to Executive Order 13520, *Reducing Improper Payments and Eliminating Waste in Federal Programs*, for the quarters ended December 2012 and March, June, and September 2013.
- Reviewed applicable Federal laws.
- Reviewed applicable Office of Management and Budget guidance.
- Reviewed the Fiscal Year 2012 Stewardship Review Reports for the Old-Age, Survivors and Disability Insurance (OASDI) and Supplemental Security Income (SSI) programs.
- Requested data from the Office of Budget, Finance, Quality and Management to support the cases reviewed for the quarterly high-dollar overpayment reports.
- Analyzed the narrative of the Accountable Official’s Quarterly High-Dollar Overpayment reports to ensure compliance with all requirements of the Executive Order.

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

We conducted our review from February through November 2013 in Baltimore, Maryland. We conducted our review in accordance with the Council of the Inspectors General on Integrity and Efficiency’s *Quality Standards for Inspection and Evaluation*.

Appendix B – MAJOR CONTRIBUTORS

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