

Manual Actions to Issue Old-Age, Survivors and Disability Insurance Underpayments Less Than \$6,000

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Office of Audit Report Summary

Objective
To determine whether the Social Security Administration (SSA) accurately issued manual Old-Age, Survivors and Disability Insurance (OASDI) underpayments less than \$6,000.
Background
An OASDI underpayment accrues when a beneficiary is due a partial or full monthly benefit amount that has not been paid. SSA's automated systems should detect and process most underpayments due living beneficiaries. However, when SSA's systems cannot process these underpayments, SSA employees must manually issue them. Further, SSA employees must manually process all underpayments due deceased beneficiaries.
Manually issued OASDI underpayments of \$6,000 or more require a secondary review. However, SSA policy does not require a secondary review of manually issued underpayments less than \$6,000.
From 1 segment of the Payment History Update System, we identified 104,255 OASDI underpayments less than \$6,000 that were manually issued during Calendar Years (CY) 2014 and 2015. From these underpayments, we identified 52,115 underpayments greater than the \$668 median and reviewed a random sample of 250 to determine whether they were accurately issued and supported.

Findings

Of the 250 sampled underpayments, SSA issued 62 (25 percent) incorrectly, with payment errors totaling \$90,235. Specifically, SSA employees issued

- 45 underpayments totaling \$69,348 more than what was due the beneficiaries—we project SSA issued 187,620 underpayments totaling approximately \$289 million more than what was due and
- 17 underpayments totaling \$20,887 less than what was due the beneficiaries—we project that for 70,880 underpayments, SSA did not issue approximately \$87 million that was due.

From our population of 104,255 underpayments less than \$6,000 issued during CYs 2014 and 2015, we reviewed all 23 beneficiaries to whom SSA employees had issued 5 or more underpayments. These beneficiaries received between 5 and 12 manually issued underpayments, totaling more than \$127,000. Of the 23 beneficiaries, SSA issued 12 (52 percent) at least 1 incorrect underpayment.

Recommendations

We made five recommendations for SSA to take appropriate actions to address the payment errors resulting from incorrect manually issued underpayments.

SSA agreed with our recommendations.