

Audit Report

The Social Security Administration's
Reporting of High-dollar
Overpayments in Fiscal Year 2018
Under Executive Order 13520



MEMORANDUM

Date: December 7, 2018 **Refer To:**

To: The Commissioner

From: Acting Inspector General

Subject: The Social Security Administration's Reporting of High-dollar Overpayments in Fiscal Year 2018 Under Executive Order 13520 (A-15-18-50454)

The attached final report presents the results of the Office of Audit's review. The objectives were to determine whether the (1) method the Social Security Administration 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.

A handwritten signature in black ink that reads "Gale Stallworth Stone".

Gale Stallworth Stone

Attachment

The Social Security Administration's Reporting of High-dollar Overpayments in Fiscal Year 2018 Under Executive Order 13520

A-15-18-50454



December 2018

Office of Audit Report Summary

Objectives

To determine whether the (1) method the Social Security Administration (SSA) 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 should 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.

We reviewed 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 2017 and March, June, and September 2018.

Conclusions

The Social Security Administration (SSA) complied with all requirements of Executive Order 13520. Further, SSA's methodology did not detect any overpayments that met the Executive Order's criteria. Although we identified two discrepancies in data from the June quarter, neither case met the criteria to be reported as a high-dollar overpayment.

As we noted in previous audits, the data SSA obtained through its stewardship reviews limited the proper identification of high-dollar overpayments. In response to those audits, 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...." SSA continued using the stewardship reviews to identify high-dollar overpayments based on Office of Management and Budget approval.

We are not making any recommendations for this review since SSA complied with all requirements and did not detect any overpayments that met the Executive Order's criteria.

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ABBREVIATIONS

eQA	Electronic Quality Assurance
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>
OARO	Office of Analytics, Review, and Oversight
OASDI	Old-Age, Survivors and Disability Insurance
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 determine whether the (1) method the Social Security Administration (SSA) 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 13520 “... 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.”¹

As part of the Executive Order, each agency head is required to submit to the agency’s Office of the Inspector General (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.² The report should 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.³ According to Office of Management and Budget (OMB) guidance,⁴ a high-dollar overpayment exceeds 50 percent of the correct amount of the intended payment where the total payment to an

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.⁵

¹ Reducing Improper Payments, Executive Order 13520, 74 Fed. Reg. 62201, p. 62201 (November 25, 2009).

² 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, as amended by the *Improper Payments Elimination and Recovery Act of 2010* (IPERA), Pub. L. No. 111-204, 124 Stat. 2224 and the *Improper Payments Elimination and Recovery Improvement Act of 2012* (IPERIA), Pub. L. No. 112-248, 126 Stat. 2390, 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.

³ Reducing Improper Payments, Executive Order 13520, 74 Fed. Reg. 62203, p. 62203 (November 25, 2009).

⁴ OMB, *Requirements for Effective Estimation and Remediation of Improper Payments, Appendix C to Circular A-123, M-15-02*, Part III, Section D1, p. 51, (October 20, 2014). OMB Circular A-123 Appendix C was revised in June 2018. This version superseded the October 2014 version; however, it no longer included a definition for high-dollar overpayments. Therefore, for this report, we reference the 2014 version for historical purposes.

⁵ An entity is a non-individual or a Federal, State, or local government agency. OMB, *Requirements for Effective Estimation and Remediation of Improper Payments, Appendix C to Circular A-123, M-15-02*, Appendix C, Part III, p.51, note 16 (October 20, 2014).

SSA's Office of Analytics, Review, and Oversight (OARO) conducts stewardship reviews to examine non-medical factors 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 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.⁶

SSA issued its four high-dollar reports to the OIG on January 30, April 13, July 10, and October 12, 2018 for the quarters ended December 31, 2017 and March 31, June 30, and September 30, 2018, 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) 2018. We reviewed these reports to ensure SSA met the requirements of Executive Order 13520, *Reducing Improper Payments*.

RESULTS OF REVIEW

SSA complied with all requirements of Executive Order 13520. Further, SSA's methodology did not detect any overpayments that met the Executive Order's criteria. Although we identified two discrepancies in data from the June quarter, neither case met the criteria for being reported as a high-dollar overpayment.

As we have noted in previous audits, the data SSA obtained through its stewardship reviews limited the proper identification of high-dollar overpayments. In response to those audits, 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. . ." SSA continued using the stewardship reviews to identify high-dollar overpayments based on OMB approval.

We are not making any recommendations for this review since SSA complied with all requirements and did not detect any overpayments that met the Executive Order's criteria.

SSA's Methodology for Identifying High-dollar Overpayments

SSA data obtained during stewardship reviews limited the proper analysis of cases for high-dollar overpayment reports. 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. These limitations were as follows.

⁶ SSA, OIG, *The Social Security Administration's Reporting of High-Dollar Overpayments Under Executive Order 13520*, A-15-10-21142, (December 2010); *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 *The Social Security Administration's Reporting of High-dollar Overpayments Under Executive Order 13520 in Fiscal Year 2012*, A-15-13-13068, (December 2012).

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.

For further information on these limitations, refer to our previous reviews.⁷

Each quarter of FY 2018, we received information from the Agency for its stewardship reviews and selected a random sample of 50 cases to review and ensure the documentation matched the data in the Electronic Quality Assurance (eQA) system.⁸ During our review of the June quarter information, we noted the amounts in the documentation for two sample cases did not match the data in eQA. According to the Agency, OARO periodically validated data throughout the year to identify potential coding anomalies in OASDI stewardship cases. During the third quarter, SSA flagged 11 cases that had coding anomalies, 2 of which were included in our June sample. The Agency corrected the amounts in eQA after it provided the documentation to support the third quarter. We verified that the anomalies did not cause the cases to meet the definition of a high-dollar overpayment. We did not note further exceptions for the remaining quarters.

Requirements of the Executive Order Addressed by the Agency

During the review period, SSA met OMB's guidance for implementing requirements of Executive Order 13520.⁹ Specifically, SSA included all required information in its reports and posted information related to the high-dollar overpayments on the Agency's Website.

⁷ SSA, OIG, *The Social Security Administration's Reporting of High-Dollar Overpayments Under Executive Order 13520*, A-15-10-21142, (December 2010); *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 *The Social Security Administration's Reporting of High-dollar Overpayments Under Executive Order 13520 in Fiscal Year 2012*, A-15-13-13068, (December 2012).

⁸ The eQA 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.

⁹ OMB, *Requirements for Effective Estimation and Remediation of Improper Payments, Appendix C to Circular A-123, M-15-02*, 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.¹⁰

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.¹¹

Based on the methodology SSA used for the quarters ended December 31, 2017 and March 31, June 30, and September 30, 2018, the Agency 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 30, April 13, July 10, and October 12, 2018, 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 OMB and the OIG.

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.¹² On January 30, April 13, July 10, and October 12, 2018, 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 Website¹³ with information related to high-dollar overpayments for the quarters ended December 2017 and March, June, and September 2018.

¹⁰ OMB, *Requirements for Effective Estimation and Remediation of Improper Payments, Appendix C to Circular A-123, M-15-02*, Part III, section D3, p. 52 (October 20, 2014).

¹¹ OMB, *Requirements for Effective Estimation and Remediation of Improper Payments, Appendix C to Circular A-123, M-15-02*, Part III, section D4, p. 52 (October 20, 2014).

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

¹³ <http://www.ssa.gov/improperpayments/highDollar.html>.

CONCLUSIONS

During the review period, SSA complied with the requirements of Executive Order 13520. SSA's methodology did not detect any overpayments that met the Executive Order's criteria. Although we noted two discrepancies in data from the quarter ended June 30, none of the cases would have met the criteria to be reported as a high-dollar overpayment. We also concluded that SSA complied with all reporting requirements in the Executive Order.

As in previous audits, we noted the data SSA obtained through its 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. . . ." SSA continues using these stewardship reviews to identify high-dollar overpayments based on OMB approval.

We are not making any recommendations for this review since SSA complied with all requirements and did not detect any overpayments that met the Executive Order's criteria.

AGENCY COMMENTS

SSA reviewed the draft report and had no comments.

A handwritten signature in black ink, appearing to read "Rona Lawson".

Rona Lawson
Assistant Inspector General for Audit

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 2017 and March, June, and September 2018.
- Reviewed applicable Federal laws.
- Reviewed applicable Office of Management and Budget guidance.
- Reviewed the Fiscal Year 2017 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 the 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 October 2018 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 our 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.

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