

*Audit Report*

The Social Security Administration's  
Interim Assistance Reimbursement  
Program



# Office of the Inspector General

## SOCIAL SECURITY ADMINISTRATION

## MEMORANDUM

Date: January 30, 2015

### Refer To:

To: The Commissioner

**From:** Inspector General

**Subject:** The Social Security Administration's Interim Assistance Reimbursement Program (A-13-13-13035)

The attached final report presents the results of our audit. Our objectives were to determine whether the Social Security Administration (SSA) complied with its policies and procedures for the Interim Assistance Reimbursement program. Specifically, we determined whether SSA (1) reduced applicable Supplemental Security Income underpayments for appropriate interim assistance amounts paid to States; (2) reduced underpayments, as required, for other qualifying items before recipients were directly paid underpayments; and (3) conducted periodic sample reviews of States' accounting records of monthly Interim Assistance Reimbursement payments.

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.

Beth S. O'Leary

Patrick P. O'Carroll, Jr.

## Attachment

# The Social Security Administration's Interim Assistance Reimbursement Program

## A-13-13035



January 2015

Office of Audit Report Summary

### Objective

To determine whether the Social Security Administration (SSA) complied with its policies and procedures for the Interim Assistance Reimbursement (IAR) program. Specifically, we determined whether SSA (1) reduced applicable Supplemental Security Income (SSI) underpayments for appropriate interim assistance amounts paid to States; (2) reduced underpayments, as required, for other qualifying items before recipients were directly paid underpayments; and (3) conducted periodic sample reviews of States' accounting records of monthly IAR payments.

### Background

SSI applicants may need financial aid for basic needs while SSA is determining the applicant's eligibility for SSI. As a result, State agencies may enter into an agreement with SSA to provide temporary assistance to SSI applicants. Under the agreement, State agencies provide individuals interim assistance from State funds. Upon determining the applicant's eligibility for SSI, SSA reimburses the State for interim assistance payments made to recipients using State or local funds. SSA refers to this coordinated Federal/State effort as the IAR program.

### Findings

Generally, SSA complied with requirements to reduce applicable SSI underpayments for interim assistance amounts paid to States. Our comparison of Electronic Interim Assistance Reimbursement (eIAR) system and Supplemental Security Record underpayment data for over 70,000 SSI recipients indicated 99.95 percent of the records reviewed had no discrepancies regarding interim assistance amounts paid to the States. Our analysis identified discrepancies for 39 recipients. SSA staff agreed to take appropriate action to correct the information in SSA's records for the 39 recipients.

We found SSA consistently reduced underpayments, as required, for qualifying items before recipients were directly paid SSI underpayments. Our review of 100 recipients found appropriate reductions applied before all recipients were directly paid underpayments.

SSA policy states that regional offices (RO) should review samples of IAR payments to States every 2 or 3 years depending on RO workloads. We found that, during Fiscal Years 2011 through 2013, ROs conducted sample reviews of IAR payments for 14 States. RO reviews for the 14 States complied with policies and procedures for reviewing State accounting records. However, ROs did not conduct sample reviews for the District of Columbia and 22 States with IAR agreements during our 3-year review period. Two ROs did not conduct any IAR sample reviews during the 3-year period.

### Recommendation

We recommend that SSA assess its policy regarding the frequency of conducting periodic IAR sample reviews and establish management controls to ensure ROs comply with established policy.

SSA agreed with our recommendation.

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## **ABBREVIATIONS**

C.F.R.	Code of Federal Regulations
eIAR	Electronic Interim Assistance Reimbursement
FY	Fiscal Year
IAR	Interim Assistance Reimbursement
OIG	Office of the Inspector General
OISP	Office of Income Security Programs
OPSOS	Office of Public Service and Operations Support
POMS	Program Operations Manual System
RO	Regional Office
SSA	Social Security Administration
SSI	Supplemental Security Income
SSR	Supplemental Security Record
U.S.C.	United States Code

## OBJECTIVE

The objective of our review was to determine whether the Social Security Administration (SSA) complied with its policies and procedures for the Interim Assistance Reimbursement (IAR) program. Specifically, we determined whether SSA (1) reduced applicable Supplemental Security Income (SSI) underpayments for appropriate interim assistance amounts paid to States; (2) reduced underpayments, as required, for other qualifying items before recipients were directly paid underpayments; and (3) conducted periodic sample reviews of State accounting records of monthly IAR payments.

## BACKGROUND

SSA administers the SSI program under Title XVI of the *Social Security Act*<sup>1</sup> to provide a minimum level of income to financially needy individuals who are aged, blind, or disabled.<sup>2</sup> These individuals may qualify for payments under the SSI program upon filing an application with SSA.

SSI applicants may need financial aid to meet basic needs while SSA is determining the applicant's eligibility for SSI. As a result, State agencies<sup>3</sup> may enter into an agreement with SSA to provide temporary assistance to SSI applicants. Under the agreement, State agencies provide individuals interim assistance<sup>4</sup> from State funds. Upon determining the applicant's eligibility for SSI, SSA reimburses the State for interim assistance payments made to recipients. SSA refers to this coordinated Federal/State effort as the IAR program.

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<sup>1</sup> *Social Security Act* § 1601 *et seq.*, 42 U.S.C. 1381 *et seq.*; *see also* 20 C.F.R. § 416.101 *et seq.*

<sup>2</sup> *Social Security Act* § 1602, 42 U.S.C. 1381a; *see also* 20 C.F.R. § 416.110.

<sup>3</sup> Refers to a State in the United States; the District of Columbia; the Northern Mariana Islands; or, where provided in the IAR agreement, a political subdivision of a State. *See* 20 C.F.R. § 416.1902.

<sup>4</sup> Interim assistance is furnished to, or on behalf of, an individual financed totally from State and/or local funds, to meet basic needs while the individual's application for SSI payments is pending or while the individual's SSI payments are suspended or terminated. *Social Security Act* § 1631(g)(3), 42 U.S.C. § 1383(g)(3); *see also* 20 C.F.R. § 416.1902.

Section 1631(g) of the *Social Security Act* authorizes, under certain conditions, the Commissioner of SSA to reimburse a State from an individual's retroactive SSI payment.<sup>5</sup> One of these conditions is when a State provides interim assistance payments. This represents assistance the State gives an individual to meet basic needs while SSA is determining the individual's eligibility for SSI or while the individual's SSI payments are suspended or terminated and subsequently reinstated. Section 1631(g)(4) of the *Social Security Act*,<sup>6</sup> SSA regulation,<sup>7</sup> and the IAR State Handbook<sup>8</sup> contain guidance that governs the distribution of retroactive payments to SSI recipients.

On November 20, 2010, SSA implemented the Electronic Interim Assistance Reimbursement (eIAR) system to replace its paper process. This system is an SSA-developed, Web application accessible to State interim assistance agencies through SSA's Government-to-Government Services Online Website. The eIAR allows participating State agencies to view and acknowledge SSA communications, query information regarding the State's IAR cases, and request reimbursement from SSA. SSA uses eIAR to process most IAR reimbursement cases without field office intervention. From October 2012 to September 2013, SSA made about \$183 million IAR-related payments.

To conduct our review, we obtained an electronic file from SSA of eIAR payments made to States with interim assistance agreements from October 1, 2012 to September 30, 2013 for 72,224 SSI recipients. We compared payments made to the States as recorded in the eIAR system with similar payment information recorded in the Agency's Supplemental Security Record (SSR) to determine whether SSA reduced applicable SSI underpayments for appropriate interim assistance amounts paid to the States.

To determine whether SSA reduced underpayments, as required, for other qualifying items before recipients were directly paid underpayments, we reviewed two groups of underpayments. First, we reviewed underpayments processed through the eIAR system that required no input from the field offices—automated IAR payments. Second, we reviewed underpayments that required field office input before eIAR system processing. We randomly selected and reviewed a sample of 50 recipients from each group.

In addition, we reviewed the Agency's Fiscal Year (FY) 2011 through 2013 IAR periodic sample reviews to determine whether SSA complied with its policies and procedures for reviewing State accounting records of monthly IAR payments. See Appendix A for our scope and methodology and Appendix B for our sampling methodology and results.

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<sup>5</sup> *Social Security Act* § 1631(g), 42 U.S.C. 1383(g); *see also* 20 C.F.R. § 416.1901 – 416.1922.

<sup>6</sup> 42 U.S.C. § 1383(g)(4).

<sup>7</sup> 20 C.F.R. § 416.1910.

<sup>8</sup> SSA Interim Assistance Reimbursement State Handbook, Publication 17-007, Section 2 – IAR Agreement, P.9, September 2012.

## **RESULTS OF REVIEW**

Generally, SSA complied with requirements to reduce applicable SSI underpayments for interim assistance amounts paid to the State agencies. Our comparison of eIAR system and SSR underpayment data for over 70,000 IAR payments indicated 99.95 percent of the records reviewed had no discrepancies regarding interim assistance amounts paid to the States. Our comparison identified discrepancies for 39 recipients. SSA staff agreed to correct the information in SSA's records for the 39 SSI recipients.

We found SSA consistently reduced underpayments, as required, for qualifying items before recipients were directly paid SSI underpayments. Our review of 100 recipients found appropriate reductions applied before all recipients were directly paid underpayments.

SSA policy states that regional offices (RO) should review samples of IAR payments to States every 2 or 3 years depending on RO workloads.<sup>9</sup> We found that, during FYs 2011 through 2013, ROs conducted sample reviews of IAR payments for 14 States. Reviews for the 14 States complied with policies and procedures for reviewing State accounting records. However, ROs did not conduct sample reviews for the District of Columbia and 22 States with IAR agreements during our 3-year review period. Two ROs did not conduct any reviews during the 3-year period.

### **Reduction for Interim Assistance Paid to States**

Our comparison found most recipients had their SSI underpayments reduced, as appropriate, for interim assistance amounts paid to the States. We compared underpayment data recorded in the eIAR system and the SSR for 72,224 recipients. The comparison indicated 99.95 percent of the records reviewed had no discrepancies regarding interim assistance amounts paid to the States. However, we identified discrepancies recorded for 39 recipients that did not impact their payment amount.

We discussed the payment information for the 39 recipients with staff from SSA's Office of the Deputy Commissioner for Systems, Office of Applications and Supplemental Security Income Systems. SSA staff stated, of the 39 recipients, 21 had payment discrepancies on the SSR that resulted from field office personnel not completing a processing step (data entry errors). For nine recipients, staff explained "system limitations" caused anticipated payment amount recording errors—five recipients did not have the State agency code in the applicable section on the SSR, and four recipients' data reflected payment timing issues on the eIAR. Staff reported field office employees could easily correct the nine transactions manually. For the remaining nine recipients, staff was unable to explain why the reductions for interim assistance amounts paid to States were not the same on the eIAR system and recipients' SSRs. For the 39 discrepancies, SSA staff planned to correct information, as required, in SSA's records.

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<sup>9</sup> SSA, POMS, SI 02002.040 B. (March 2, 2012).

## SSI Underpayments Reduced Before Recipients Were Paid

We found SSA consistently reduced underpayments, as required, for qualifying items before recipients were directly paid SSI underpayments. Our review of 100 recipients found appropriate reductions applied before all recipients were directly paid underpayments.

We randomly selected and reviewed 50 automated IAR payments and 50 underpayments that required field office input before eIAR system processing. We reviewed the underpayments to determine whether SSA appropriately reduced SSI underpayments based on the Agency's "priority of payments" or recovery order.

Certain amounts are recovered (or reduced) before SSA pays recipients' SSI underpayments. According to SSA policy, there is a specific order in which reductions should occur.<sup>10</sup> The Agency defines this reduction ordering as the "priority of payments." The priority of payments depends on whether recipients use an appointed representative to receive SSI payments. If an appointed representative is involved, the priority of payments from an SSI underpayment are as follows: (1) IAR payment—interim assistance amounts paid to States, (2) appointed representative fee, (3) recovery of a prior SSI or Title II<sup>11</sup> overpayment,<sup>12</sup> and (4) remaining balance paid to the recipient. If an appointed representative is not involved, the priority of payments order from an SSI underpayment is (1) recovery of a prior SSI or Title II overpayment, (2) IAR payment, and (3) remaining balance to the recipient.

SSA policy specifies how remaining balances to recipients are paid. If the remaining balance is equal to, or more than, three times the maximum Federal benefit rate plus any federally administered State supplement, SSA releases the underpayment in 6-month installments. SSA must pay the underpayment in no more than three installment payments. If the recipient is deceased, SSA pays the underpayment to the surviving spouse or parent after considering the priority of payments or recoveries. There are exceptions to installment payments. Installment payments are not required if the individual is ineligible for SSI and likely to remain ineligible for the next 12 months or the medical condition will likely result in death within 12 months. In addition, under certain conditions, the Agency may increase the first and second installment payment by the total amount of outstanding debt or expenses.

Our review of information recorded in SSA's information systems<sup>13</sup> for the 100 recipients found SSA appropriately reduced underpayments, as required, for all applicable qualifying items. The Agency complied with its policies and procedures before paying recipients their underpayments.

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<sup>10</sup> SSA, POMS, SI 02101.002 A. (August 26, 2013).

<sup>11</sup> Title II of the *Social Security Act* provides for the Old-Age, Survivors and Disability Insurance program, which provides retirement and disability benefits to qualified individuals and their dependents as well as to survivors of insured workers. *Social Security Act* § 201 et seq., 42 U.S.C. § 401 et seq.

<sup>12</sup> SSA, POMS, SI 02220.022 A. (February 11, 2014).

<sup>13</sup> We reviewed data recorded in SSA's Claims File Record Management System, SSR, Modernized Supplemental Security Income Claims Systems, Online Retrieval System, and eView.

Below are examples of underpayments the Agency reduced for qualifying items before recipients were paid.

- Sample Case 2. In June 2013, SSA determined a recipient was underpaid about \$10,500 and was due retroactive SSI payments. SSA reimbursed the State \$4,035, paid the attorney \$2,369, and collected \$88 against a prior SSI overpayment. Because remaining funds exceeded three times the maximum Federal benefit rate plus any federally administered State supplement, SSA paid the remaining funds in two installments. The Agency paid the first installment of \$2,130<sup>14</sup> in June 2013 and the final installment of \$1,916 in December 2013.<sup>15</sup>
- Sample Case 14. In April 2013, SSA determined a recipient was underpaid \$3,176 and was due retroactive SSI payments. There were no collectible overpayments. Since a direct payment of an attorney was not involved, SSA reimbursed the State \$1,729 and paid the recipient the remaining underpayment of \$1,448.

## Periodic IAR Sample Reviews

We requested SSA provide information for all periodic IAR sample reviews conducted during FYs 2011 through 2013. SSA's Office of the Deputy Commissioner for Retirement and Disability Policy, Office of Income Security Program (OISP), staff provided summaries of 19 sample reviews for 14 States.<sup>16,17</sup> For each sample review, the RO examined the case files for certain documentation.<sup>18</sup> In addition, the RO verified the State claimed the correct reimbursement amount for applicable months, provided required information to the field offices timely, and paid the correct amount directly to the SSI recipient.

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<sup>14</sup> 20 C.F.R. § 416.545. In 2013, the maximum Federal benefit rate for an individual was \$710 a month. In 2013, underpayments of \$2,130 or more were subject to installments for individuals who resided in States without a federally administered State supplement.

<sup>15</sup> SSA pays installment payments in no more than three payments made at 6-month intervals. The first and second installment payments cannot exceed three times the Federal benefit amount plus any State supplement. The third and final installment includes any remaining underpayment.

<sup>16</sup> Of the 19 reviews, 2 were for specific counties in Georgia and 4 were for specific counties in California. For New Jersey, two reviews were completed by divisions in the New Jersey Department of Human Services. Lastly, 1 review was completed for each of the following 11 States: New Mexico, Kansas, Kentucky, Maine, Massachusetts, Michigan, Minnesota, Missouri, Ohio, Washington, and Wisconsin.

<sup>17</sup> SSA staff provided 10 additional reviews we did not include in our audit. The 10 reviews were completed for specific counties in California. We did not include these reviews because documentation provided did not have a signature or date of completion applicable to our audit period—FYs 2011 through 2013.

<sup>18</sup> Supporting documentation includes IAR authorization, SSI Notice of Interim Assistance Reimbursement (Form SSA-8125), Notice of Interim Assistance Reimbursement (Form SSA-L8125-F6), State accounting record, and State's Notice of Apportionment to the SSI recipient and State's records of interim assistance paid to the claimant. SSA, POMS, SI 02002.040 B.4 (March 2, 2012).

We reviewed the 19 sample review summaries to determine whether SSA's ROs complied with policies and procedures<sup>19</sup> for conducting periodic IAR sample reviews. We found the ROs complied with applicable policies and procedures for reviewing accounting records of monthly IAR payments for 14 States. In addition, when the ROs detected problems, we found the ROs' conclusions were supported by sufficient and reliable information. For example, ROs identified incorrect reimbursement calculations; *Apportionment Notices* not sent, and if sent, not issued timely; and invalid or lack of IAR authorization agreement in the recipient's file. The RO found no instances where the State had not paid the SSI recipient.

Not all ROs conducted IAR sample reviews. Eight ROs completed the 19 sample review summaries we examined. However, two ROs did not complete periodic IAR sample reviews during the period FYs 2011 through 2013 (see Table 1).

**Table 1: ROs with IAR Agreements and Sample Reviews Conducted**

ROs	States and the District of Columbia with IAR Agreements <sup>20</sup>	States with Sample Reviews Completed Between FYs 2011-2013	States and District of Columbia with No Sample Reviews From FYs 2011-2013
Atlanta	4	2	2
Boston	6	2	4
Chicago	6	4	2
Kansas City	4	2	2
Seattle	3	1	2
Dallas	1	1	0
New York	2	1	1
San Francisco	4	1	3
Denver	3	0	3
Philadelphia <sup>21</sup>	4	0	4
<b>Total</b>	<b>37</b>	<b>14</b>	<b>23</b>

<sup>19</sup> SSA, POMS, SI 02002.040 B.4. (March 2, 2012).

<sup>20</sup> An IAR agreement is a signed document between SSA and the State in which the parties agree to terms governing the IAR process. SSA identified 36 States and the District of Columbia as having IAR agreements.

<sup>21</sup> The District of Columbia is included in the Philadelphia Region.

Agency policy states, “Regional offices (RO) are responsible for conducting a sample review every two to three years of the State’s accounting records of monthly IAR payments.”<sup>22</sup> A different policy also states, “The RO should conduct the IAR sample review of the State agency processes once every two or three years depending on RO workload.”<sup>23</sup> During FYs 2011 through 2013, SSA could have conducted sample reviews of all 36 States and the District of Columbia with IAR agreements. However, only 8 of 10 ROs completed IAR sample reviews.

We contacted the Office of the Deputy Commissioner for Operations, Office of Public Service and Operations Support (OPSOS), to discuss oversight responsibilities for periodic sample reviews. OPSOS staff stated “. . . for information related to the oversight of periodic sample reviews conducted by the ROs, [OIG’s] best contact would be the IAR policy staff in OISP. The regions have been providing the IAR OISP policy staff the updated schedules for conducting the sample reviews and provide a copy of the review findings [sample review summaries]. DCO has not been involved or responsible for this function.”

We discussed oversight responsibilities for periodic IAR sample reviews with OISP staff. In March 2014, staff indicated OISP did not have “supervision or direction” responsibilities of IAR sample reviews conducted by ROs. In addition, staff reported having “no management authority over the ROs.”

Based on our review of SSA policy and discussions with staff, we did not identify a component within the Agency responsible for oversight of the Agency’s periodic IAR sample review process. SSA should designate oversight responsibility for sample reviews to an organization within the Agency. Taking such action could strengthen SSA’s internal controls over periodic sample reviews.

We believe SSA may want to assess its policy regarding the frequency of such reviews. Our examination of the completed periodic IAR sample reviews found the States did pay the recipients.

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<sup>22</sup> SSA, POMS, SI 02002.005 A. (March 2, 2012).

<sup>23</sup> SSA, POMS, SI 02002.040 B. (March 2, 2012).

## **CONCLUSIONS**

Excluding a few discrepancies, our comparison found most recipients' SSI underpayments had been reduced, as appropriate, for interim assistance amounts paid to the States. Our comparison of eIAR system and SSR payment data indicated 99.95 percent of the records reviewed had no discrepancies regarding interim assistance amounts paid to the States. Our comparison identified discrepancies for 39 recipients. SSA staff agreed to take appropriate actions to correct the information in SSA's records for the 39 recipients.

Furthermore, we found SSA consistently reduced underpayments, as required, for qualifying items before recipients were directly paid SSI underpayments. Our review of 100 recipients found appropriate reductions applied before all recipients were directly paid underpayments.

During our review period of FYs 2011 through 2013, ROs that conducted sample reviews of IAR payments complied with policies and procedures for reviewing State accounting records. However, ROs only reviewed 14 States during the 3 years we reviewed. The other 22 States and the District of Columbia with IAR agreements were not reviewed during FYs 2011 through 2013. Two ROs did not conduct any reviews during the 3-year period.

## **RECOMMENDATION**

We recommend that SSA assess its policy regarding the frequency of conducting periodic IAR sample reviews and establish management controls to ensure ROs comply with established policy.

## **AGENCY COMMENTS**

SSA agreed with our recommendation. The Agency's comments are included in Appendix C.

# *APPENDICES*

## **Appendix A – SCOPE AND METHODOLOGY**

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To accomplish our objectives, we:

- Reviewed applicable sections of the *Social Security Act* and the Social Security Administration's (SSA) regulations, policies, and procedures related to interim assistance reimbursement (IAR).
- Identified and reviewed a prior Office of the Inspector General report pertaining to IAR.
- Interviewed SSA staff regarding the IAR program.
- Obtained from SSA an electronic file of Electronic Interim Assistance Reimbursement (eIAR) system payments made to the States from October 1, 2012 to September 30, 2013. The file contained 72,224 Supplemental Security Income (SSI)<sup>1</sup> recipients who received SSI underpayments totaling \$183,053,906.
- Examined information from an electronic data extract of the Agency's Supplemental Security Record (SSR).
  - Obtained an electronic data extract of recipients who had an interim assistance reimbursement payment to the State during the period October 1, 2012 through September 30, 2013 on their SSRs. The file contained 70,689 SSI recipients. The recipients received SSI underpayments totaling \$179,557,995.
  - Used data from the electronic data extract to create 2 groups of recipients totaling 70,687. See Appendix B for details about our sampling methodology for these two groups.
- Performed comparison of data from eIAR file with SSR data.
  - Determined whether SSA reduced applicable SSI underpayments for interim assistance amounts paid to States.
  - Identified recipients who had different information recorded in eIAR and the SSR related to SSI underpayments and resolved the differences.
- Selected and reviewed random samples of recipients from two groups of recipients to determine whether SSA reduced underpayments, as required, for applicable qualifying items before SSA paid the recipients. See Appendix B for more details about our sampling methodology.

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<sup>1</sup> The SSI program provides a minimum level of income to financially needy individuals who are aged, blind, or disabled. *Social Security Act* § 1602, 42 U.S.C. 1381a; see also 20 C.F.R. § 416.110.

- Examined 19<sup>2,3</sup> summaries of periodic IAR sample reviews completed during Fiscal Years 2011 through 2013.
  - Reviewed summaries and supporting documentation to determine whether SSA complied with its policies and procedures for conducting periodic sample reviews.
  - Identified the nature of any errors.
  - Determined whether the Agency's conclusions were supported by sufficient and reliable information.

We determined the computer-processed data used for this audit were sufficiently reliable for their intended use. Further, any data limitations were minor in the context of this assignment, and the use of the data should not lead to an incorrect or unintentional conclusion. We extracted data used in our audit from the Agency's SSR and eIAR systems.

The entities audited were the Offices of the Deputy Commissioners for Operations, Systems, and Retirement and Disability Policy. We conducted our review in Baltimore, Maryland, from February to October 2014. We conducted this performance audit in accordance with generally accepted 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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<sup>2</sup> Of the 19 reviews, 2 were for specific counties in Georgia, and 4 completed for specific counties in California. For New Jersey, two reviews were completed by divisions in the New Jersey Department of Human Services. Lastly, one review was completed for each of the following 11 States: New Mexico, Kansas, Kentucky, Maine, Massachusetts, Michigan, Minnesota, Missouri, Ohio, Washington, and Wisconsin.

<sup>3</sup> SSA staff provided 10 additional reviews we did not include in our audit. The 10 reviews were completed for specific counties in California. We did not include these reviews because documentation provided did not have a signature or date of completion applicable to our audit period—FYs 2011 through 2013.

## Appendix B – SAMPLING METHODOLOGY

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We reviewed samples of two groups of Supplemental Security Income (SSI)<sup>1</sup> recipients. We obtained an electronic data extract of recipients who had an interim assistance reimbursement (IAR) payment to the State from October 1, 2012 through September 30, 2013 on their Supplemental Security Record (SSR). The file contained 70,687 recipients with underpayment transactions totaling \$179,552,742. Using this data, we created two groups of recipients.<sup>2</sup>

- Group A comprised SSI underpayments processed through the Electronic Interim Assistance Reimbursement (eIAR) system that required no input from the field offices – automated IAR payments. This file contained 69,646 SSI recipients with underpayment transactions totaling \$177,092,634 (see Table B–1).
- Group B group comprised underpayments that required field office input before processing through the eIAR system. This file contained 1,041 recipients with SSI underpayment transactions totaling \$2,460,109 (see Table B–2).

From each group, we randomly selected 50 recipients to examine their respective SSI underpayments. For each sample item, we:

- Reviewed data recorded as of March 19, 2014 in SSA’s Claims File Record Management System, SSR, Modernized Supplemental Security Income Claims Systems, Online Retrieval System and eView.
- Reviewed the SSR to identify the periods and amount for SSI retroactive payments due the recipient.
- Reviewed the SSR to identify the (a) payments made to the State agency for interim assistance it provided; (b) attorney fees; (c) recovery of prior overpayments; and (d) remaining balance, if applicable, paid to the SSI recipient.
- Reviewed the Modernized Supplemental Security Income Claims Systems to identify any remarks related to the early release of installment payments.
- Applied the Agency’s “priority of payments” or recovery order to determine underpayment amounts directly paid to recipients.

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<sup>1</sup> The SSI program provides a minimum level of income to financially needy individuals who are aged, blind, or disabled. *Social Security Act* § 1602, 42 U.S.C. 1381a; *see also* 20 C.F.R. § 416.110.

<sup>2</sup> During our review, we excluded two recipients from either group: (a) one recipient who could not be placed in either group and (b) another recipient having two underpayments with one identified as an automated IAR payment and the other requiring field office input prior to processing through the eIAR system.

**Table B–1: Population and Sample Size**

Description	Number
Population Size	69,646
Sample Size	50

**Table B–2: Population and Sample Size**

Description	Number
Population Size	1,041
Sample Size	50

Based on sample of 100 recipients—50 recipients in each group—we found SSA properly reduced underpayments for qualifying items before staff paid the recipients.

## **Appendix C – AGENCY COMMENTS**

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# Social Security

## MEMORANDUM

**Date:** December 30, 2014 **Refer To:** S1J-3

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

**From:** Katherine Thornton /s/  
Deputy Chief of Staff

**Subject:** Office of the Inspector General Draft Report, “Social Security Administration’s Interim Assistance Reimbursement Program” (A-13-13-13035)--INFORMATION

Thank you for the opportunity to review the draft report. Please see our attached comments.

Please let me know if we can be of further assistance. You may direct staff inquiries to Gary S. Hatcher at (410) 965-0680.

Attachment

**COMMENTS ON THE OFFICE OF THE INSPECTOR GENERAL DRAFT REPORT,  
"SOCIAL SECURITY ADMINISTRATION'S INTERIM ASSISTANCE  
REIMBURSEMENT PROGRAM" (A-13-13-13035)**

**Recommendation 1**

Assess policy regarding the frequency of conducting periodic interim assistance reimbursement sample reviews and establish management controls to ensure regional offices comply with established policy.

**Response**

We agree. We will assess our policy and make any necessary updates to our policy by July 2015.

## **Appendix D – MAJOR CONTRIBUTORS**

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Shirley E. Todd, Director, Evaluation Division

Randy Townsley, Audit Manager

Tracey Edwards, Senior Auditor

Donna, Parris, Auditor

## MISSION

By conducting independent and objective audits, evaluations, and investigations, the Office of the Inspector General (OIG) inspires public confidence in the integrity and security of the Social Security Administration's (SSA) programs and operations and protects them against fraud, waste, and abuse. We provide timely, useful, and reliable information and advice to Administration officials, Congress, and the public.

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