



SOCIAL SECURITY

MEMORANDUM

Date: August 13, 2004

Refer To:

To: The Commissioner

From: Acting Inspector General

Subject: Payments to Student Beneficiaries Beyond the Maximum Age of Entitlement
(A-09-04-14050)

The attached final report presents the results of our audit. Our objective was to determine the effectiveness of the Social Security Administration's controls to detect and prevent payments to student beneficiaries beyond the maximum age of entitlement.

Please provide within 60 days a corrective action plan that addresses each recommendation. 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.

Patrick P. O'Carroll, Jr.
Patrick P. O'Carroll, Jr.

Attachment

OFFICE OF
THE INSPECTOR GENERAL

SOCIAL SECURITY ADMINISTRATION

PAYMENTS TO STUDENT
BENEFICIARIES BEYOND THE
MAXIMUM AGE OF ENTITLEMENT

August 2004

A-09-04-14050

AUDIT REPORT



Mission

We improve SSA programs and operations and protect them against fraud, waste, and abuse by conducting independent and objective audits, evaluations, and investigations. We provide timely, useful, and reliable information and advice to Administration officials, the Congress, and the public.

Authority

The Inspector General Act created independent audit and investigative units, called the Office of Inspector General (OIG). The mission of the OIG, as spelled out in the Act, is to:

- Conduct and supervise independent and objective audits and investigations relating to agency programs and operations.
- Promote economy, effectiveness, and efficiency within the agency.
- Prevent and detect fraud, waste, and abuse in agency programs and operations.
- Review and make recommendations regarding existing and proposed legislation and regulations relating to agency programs and operations.
- Keep the agency head and the Congress fully and currently informed of problems in agency programs and operations.

To ensure objectivity, the IG Act empowers the IG with:

- Independence to determine what reviews to perform.
- Access to all information necessary for the reviews.
- Authority to publish findings and recommendations based on the reviews.

Vision

By conducting independent and objective audits, investigations, and evaluations, we are agents of positive change striving for continuous improvement in the Social Security Administration's programs, operations, and management and in our own office.

Executive Summary

OBJECTIVE

The objective of our audit was to determine the effectiveness of the Social Security Administration's (SSA) controls to detect and prevent payments to student beneficiaries beyond the maximum age of entitlement.

BACKGROUND

The Social Security Act provides benefits to children of fully or currently insured workers who are retired, deceased, or disabled. Generally, child beneficiaries are eligible for benefits until they marry or reach age 18. However, children who are full-time students at an elementary or secondary school may receive extended benefits beyond age 18. For schools that operate on a yearly enrollment basis, student benefits are payable through the earlier of (1) the second month after the month in which the child reaches age 19 or (2) the month when the student completes the course in which he or she is enrolled. For schools that require enrollment each quarter or semester, student benefits are payable through the last month of the quarter or semester in which the child reaches age 19.

From September 2001 to August 2002, SSA disbursed one or more benefit payments to 258,530 student beneficiaries. Of this amount, we found that 4,284 students (1.7 percent) were over 19 years and 2 months.

RESULTS OF REVIEW

Based on a random sample of 100 students over the age of 19 years and 2 months who were in terminated pay status, we found that SSA disbursed \$110,797 in incorrect payments to 70 students and \$5,435 in unsupported payments to 7 students. Projecting these results to our population of 4,056 students, we estimate that SSA disbursed about \$4.5 million in incorrect payments to 2,839 students and \$0.2 million in unsupported payments to 284 students (see Appendix C). During our audit, we referred an additional 228 students in current pay status or beyond their end-of-school year to SSA for corrective action. As of December 2003, SSA established about \$1.2 million in overpayments against these students.

RECOMMENDATIONS

We recommend SSA take corrective action to ensure that overpayments are established and collection activities are initiated. In addition, we recommend SSA (1) revise the Form SSA-1372, *Student's Statement Regarding School Attendance*, to request school officials to identify and certify the operating basis of the school and

(2) ensure the Form SSA-1372 is retained in the student's claim folder or scanned into the paperless imaging system.

AGENCY COMMENTS

In its response, SSA agreed with all of our recommendations. See Appendix D for the text of SSA's comments.

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Introduction

OBJECTIVE

The objective of our audit was to determine the effectiveness of the Social Security Administration's (SSA) controls to detect and prevent payments to student beneficiaries beyond the maximum age of entitlement.

BACKGROUND

Title II of the Social Security Act (Act) provides for benefits to children of fully or currently insured workers who are retired, deceased, or disabled.¹ Generally, child beneficiaries may receive benefits until they marry or reach age 18.² Amendments to the Act provide for extended benefits beyond age 18 to enable child beneficiaries who are full-time students at an elementary or secondary school to complete their education.³ The Act states that a child of a beneficiary is entitled to Social Security benefits if he or she either had not reached age 18 or was a full-time elementary or secondary school student and had not reached age 19.⁴

Students who reach age 19 in a month in which they are in full-time attendance are eligible for extended benefits. For schools that operate on a yearly enrollment basis, student benefits are payable through the earlier of (1) the second month after the month in which the child reaches age 19 or (2) the month when the student completes the course in which he or she is enrolled.⁵ For schools that require enrollment each quarter or semester, student benefits are payable through the last month of the quarter or semester in which the child reaches age 19.⁶ SSA monitors and administers all phases of student entitlement beginning with the mailing of an advance notice before the child reaches age 18 through the termination of benefits.

From September 2001 to August 2002, SSA disbursed 1 or more benefit payments to 258,530 student beneficiaries. Of this amount, we found that 4,284 students (1.7 percent) were over 19 years and 2 months.

¹ The Social Security Act § 202(d)(1), 42 United States Code (U.S.C.) § 402(d)(1) (2004).

² See *id.*

³ Public Law (Pub. L.), No. 89-97, 79 Stat. 372 and Pub. L. No. 97-35, 95 Stat. 841.

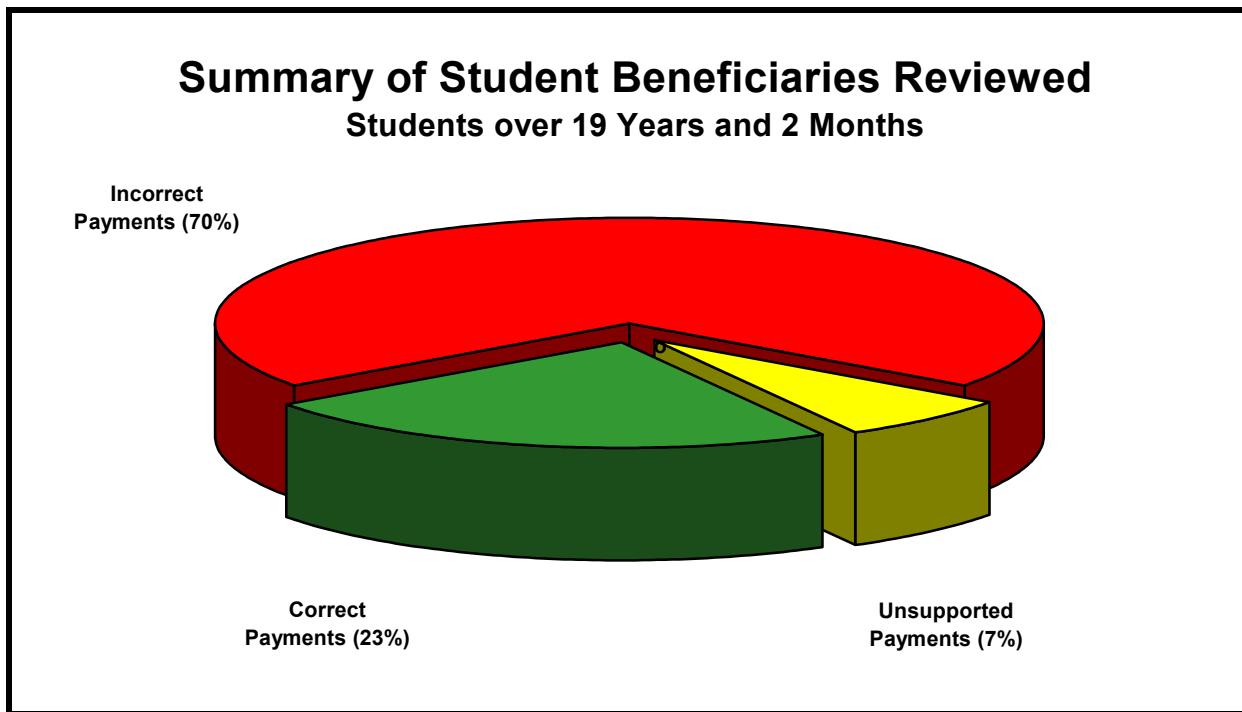
⁴ The Social Security Act § 202(d)(1), 42 U.S.C. § 402(d)(1) (2004).

⁵ SSA, Program Operations Manual System (POMS), RS 00205.325.

⁶ See *id.*

Results of Review

SSA needs to improve its controls to detect and prevent payments to student beneficiaries over the age of 19 years and 2 months. For the 100 students in terminated pay status in our sample, SSA paid benefits to 70 students beyond the maximum age of entitlement. Also, SSA did not retain documentation to support the benefits awarded to seven students.⁷ Projecting these results to our population of 4,056 students, we estimate that SSA disbursed incorrect and unsupported payments of \$4.5 and \$0.2 million, respectively (see Appendix C). In addition, we referred 228 students in current pay status or beyond their end-of-school year (ESY) to SSA for corrective action. As of December 2003, SSA established about \$1.2 million in overpayments against these students. The results of our review are summarized below.

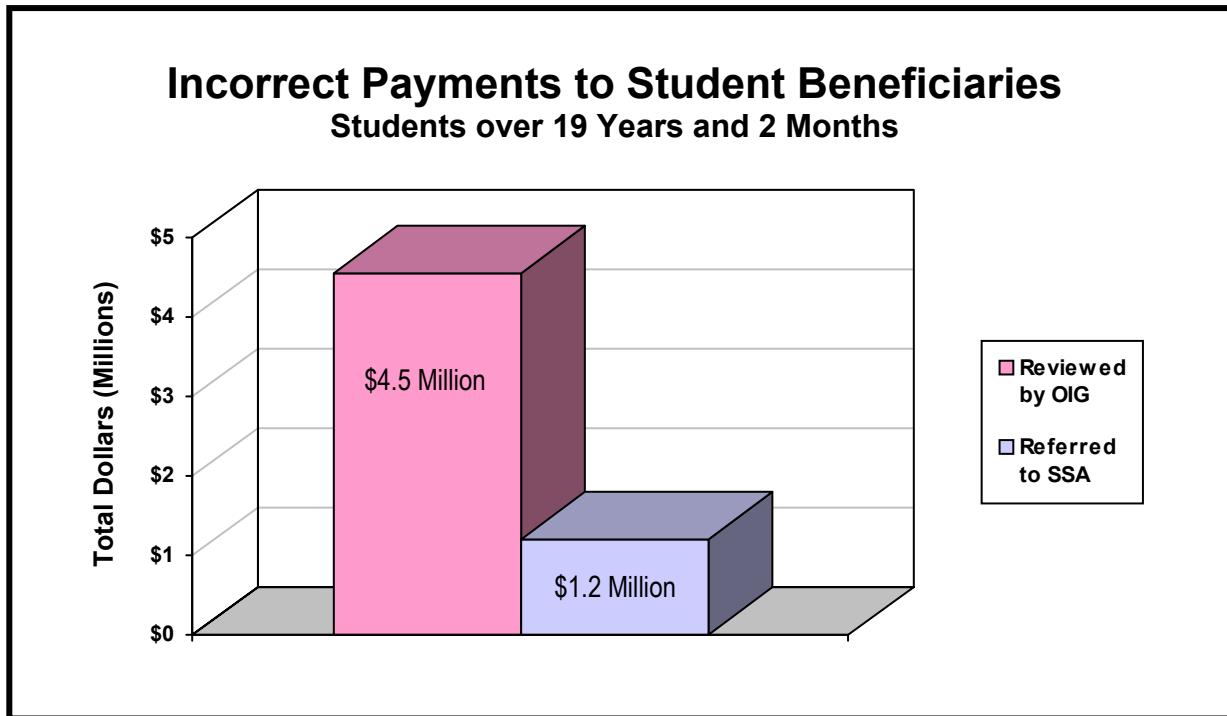


INCORRECT PAYMENTS

Our audit disclosed that SSA disbursed about \$5.7 million in incorrect payments to student beneficiaries beyond the maximum age of entitlement. Of this amount, we estimate that SSA disbursed about \$4.5 million to students in terminated pay status and \$1.2 million to students in current pay status or beyond their ESY. This occurred because SSA employees did not properly verify the enrollment basis of the school in

⁷ SSA correctly paid benefits to the remaining 23 students in our sample. Of this amount, 5 students did not receive any overpayments and 18 students received overpayments that were offset against underpayments due other individuals in the same family.

determining the maximum age of entitlement for the student. In addition, SSA had not established effective controls to ensure that students over 19 years and 2 months were eligible for benefits. The following chart provides a breakdown of the incorrect payments questioned by our audit.



Students in Terminated Pay Status

Our audit disclosed that 4,056 student beneficiaries over 19 years and 2 months were in terminated pay status and did not receive benefits beyond their ESY. Based on a random sample of 100 students, we found that SSA disbursed incorrect payments to 70 students (70 percent) who were beyond the maximum age of entitlement.⁸ These errors went undetected because SSA employees did not always contact schools to verify their enrollment basis and were not fully aware of the applicable procedures for determining the maximum age of entitlement. As a result, these students received \$110,797 in benefits to which they were not entitled.

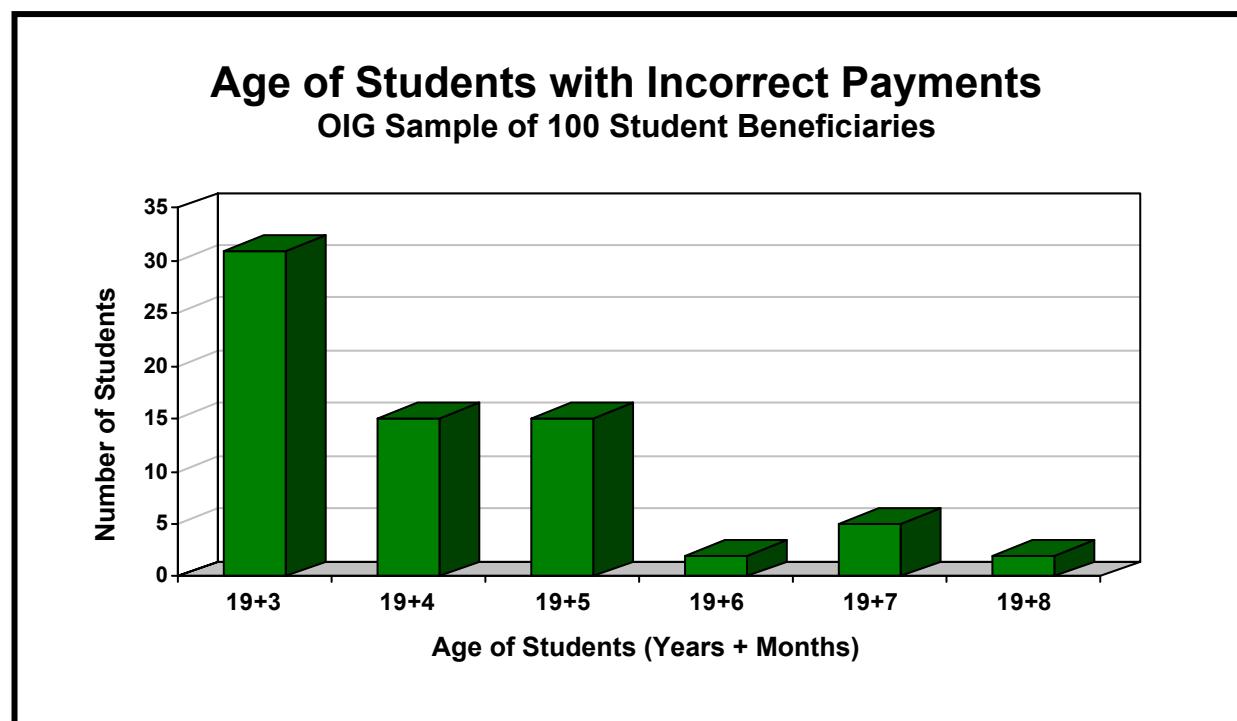
SSA mails the Form SSA-1372, *Student's Statement Regarding School Attendance*, (Form SSA-1372) to child beneficiaries about 3 months before they reach age 18. To receive benefits beyond age 18, students must complete the form and submit it to school officials for certification. Upon receipt of the Form SSA-1372, SSA determines whether the student is in full-time attendance and verifies the operating basis of the

⁸ We found that 8 of the 70 student beneficiaries had actually dropped out of school before reaching 19 years and 2 months. This condition will be reported in a separate audit, *Follow-Up Review of School Attendance by Child Beneficiaries over Age 18* (A-09-04-14013).

school. SSA also determines the ESY for the student based on the expected graduation date and the maximum age of entitlement.⁹

The maximum age of entitlement for student benefits depends on the operating basis of the school. If the school operates on a yearly basis or does not require enrollment each quarter or semester, the maximum age is 19 years and 2 months or the month in which the student completes the course, whichever occurs first.¹⁰ If the school requires enrollment on a quarterly or semester basis, the maximum age is the last month of the term in progress when the student reaches age 19.¹¹ In these instances, the maximum age of entitlement may exceed 19 years and 2 months.

For the students in our sample, we contacted school officials to determine whether (1) the schools operated on a yearly, quarterly, or semester basis and (2) the students were required to enroll each quarter or semester. We identified 70 students who attended schools operating on a yearly basis or on a quarterly or semester basis that did not require enrollment each quarter or semester. Accordingly, the maximum age of entitlement for these students was 19 years and 2 months. The number of students, by age, who received payments beyond the maximum age of entitlement is illustrated in the following chart.



⁹ SSA, POMS, RS 00205.400.

¹⁰ SSA, POMS, RS 00205.325.

¹¹ See *id.*

For example, our audit identified a student who received benefits for 5 months beyond the maximum age of entitlement. This student was born in October 1983 and reached 19 years and 2 months in December 2002. He graduated from high school in May 2003 and received student benefits until June 2003. We determined the school operated on a yearly basis rather than on a quarterly or semester basis. Therefore, the student was only eligible for benefits through 19 years and 2 months. However, SSA continued to disburse payments until he reached 19 years and 7 months. As a result, the student received \$2,570 in benefits to which he was not entitled.

During our audit, we noted the Form SSA-1372 does not require the school or student to disclose whether the school is operating on a yearly basis, quarterly or semester basis with enrollment each quarter or semester, or quarterly or semester basis without enrollment each quarter or semester. Currently, SSA must contact the schools directly to verify their operating basis.¹² Without such information, we believe that SSA may be ill-equipped to readily determine the maximum age of entitlement for student benefits. Therefore, we encourage SSA to revise the Form SSA-1372 to request school officials to identify and certify the operating basis of the school.

Students in Current Pay Status or Beyond Their End-of-School Year

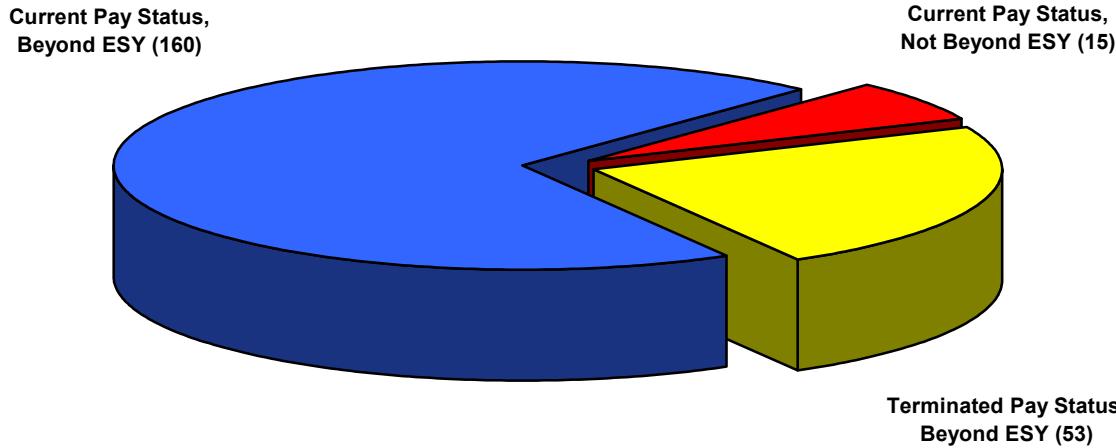
Our audit disclosed that 228 student beneficiaries over 19 years and 2 months were in current pay status or had received benefits beyond their ESY. As depicted in the chart on the next page, we found that 175 students were in current pay status, of which 160 had received benefits beyond their ESY and 15 did not receive benefits beyond their ESY. The remaining 53 students were in terminated pay status and had received benefits beyond their ESY. In August 2003, we referred these cases to SSA for corrective action. As of December 2003, SSA established about \$1.2 million in overpayments against these students.¹³

¹² SSA's procedures direct employees to assume a yearly operating basis unless there is evidence to the contrary. Therefore, verification of the school's operating basis is not always required.

¹³ We subsequently referred 113 of the 228 cases to our Office of Investigations.

Student Beneficiaries Referred to SSA

Students over 19 Years and 2 Months



SSA's field offices (FO) enter student information from the Form SSA-1372 into its automated system. FOs are responsible for developing the claim, including reviewing eligibility criteria, verifying school attendance and operating basis, determining the ESY, and awarding benefit payments.¹⁴ In response to a prior audit,¹⁵ SSA implemented systems modifications to prevent FOs from entering an ESY greater than 19 years and 2 months. Any claims involving students with an ESY beyond 19 years and 2 months (that is, for schools with quarterly or semester enrollment) require special handling by SSA's processing centers (PC). FOs must forward these claims to the PCs for manual processing.

***42 Students Were
over Age 20 or Had
ESY Beyond Age 20***

Of the 228 students in current pay status or beyond their ESY, we noted that 42 students were already over age 20 or scheduled to reach at least age 20 before their ESY. For example, one of these students had an ESY of

February 2012 and may continue to receive benefits up to age 28 unless suspension or termination actions are processed by the Agency. In July 2003, we discussed this issue with staff members from SSA's Headquarters¹⁶ and Western Program Service Center. SSA agreed with our findings and took immediate corrective action for the 228 students identified by our audit.

¹⁴ SSA, POMS, RS 00205.400.

¹⁵ *School Attendance by Child Beneficiaries Over Age 18* (A-09-97-61007), September 1999.

¹⁶ Including the Offices of Systems Design and Development, Retirement and Survivors Insurance Systems, and Public Services and Operations Support.

For example, our audit identified a student who received benefits for 16 months beyond the ESY. This student was born in September 1983. Based on his expected graduation date, the ESY was June 2002. Although the student reached 19 years and 2 months in November 2002, the maximum age of entitlement should have been June 2002. Nevertheless, in September 2003, the student had reached age 20 and remained in current pay status. We referred the case to SSA for corrective action. In October 2003, SSA terminated benefits and established \$20,138 in overpayments. We subsequently referred this case to our Office of Investigations.

SSA informed us that it is currently in the process of redesigning its automated system for student entitlement. SSA has incorporated many of these systems modifications into Release 3.0 of its Title II Redesign project, which was implemented in June 2004. As a result, FOs must enter the school's operating basis into its automated system to process the claim. If the school operates on a yearly basis or does not require enrollment each quarter or semester, the automated system will terminate benefits the earlier of the ESY or the month after the student reaches 19 years and 2 months. Conversely, if the school requires enrollment each quarter or semester, the automated system will terminate benefits the earlier of the ESY or the month after the student reaches 19 years and 6 months. We believe these systems modifications should reduce the potential for payments beyond the maximum age of entitlement.

UNSUPPORTED PAYMENTS

Our audit disclosed that 4,056 student beneficiaries over 19 years and 2 months were in terminated pay status and did not receive benefits beyond their ESY. Based on a random sample of 100 students, we found that SSA was unable to provide supporting documentation for its decision to award benefits to 7 students (7 percent). This occurred because SSA had not retained sufficient information—either in paper or electronic form—to support its basis for awarding benefit payments. As a result, these students may have received \$5,435 in benefits to which they were not entitled.

SSA requires child beneficiaries to submit the Form SSA-1372 to establish their eligibility for student benefits.¹⁷ Effective January 2002, SSA must retain the Form SSA-1372 in the student's claim folder until the folder is destroyed. As an alternative, SSA may retain documents electronically by scanning the paper forms into its paperless imaging system. The paper forms may be destroyed once the image is determined to be clearly readable.¹⁸

¹⁷ In addition, any students born before June 2, 1983 must submit the Forms SSA-1386, *Student's Statement Regarding Resumption of School Attendance*; SSA-1388, *Report of Student Beneficiary at End of School Year*; and SSA-1390, *Report of Student Beneficiary About to Attain Age 19*. SSA discontinued these forms in November 2002.

¹⁸ SSA, POMS, DG 00510.025 and DG 00510.030.

For seven students, SSA employees were unable to retrieve the Form SSA-1372. Using information from the student's claim folder, SSA's automated system, and other available resources (that is, Internet databases), we attempted to locate the students and identify the schools they had attended. However, we were unsuccessful in our efforts. Without supporting documentation, we were unable to determine the adequacy of support for the benefit payments.

We believe the lack of supporting documentation raises questions about the integrity of the student entitlement process. To prevent future occurrences of similar problems, we encourage SSA to properly maintain supporting documentation for student benefits either in paper or electronic form. Specifically, SSA should ensure the Form SSA-1372 is retained in the student's claim folder or scanned into the paperless imaging system. Such information is necessary to monitor student beneficiaries and strengthen program stewardship.

Conclusions and Recommendations

Based on a random sample of 100 students over the age of 19 years and 2 months who were in terminated pay status, we found that SSA disbursed \$110,797 in incorrect payments to 70 students and \$5,435 in unsupported payments to 7 students. Projecting these results to our population of 4,056 students, we estimate that SSA disbursed about \$4.5 million in incorrect payments to 2,839 students and \$0.2 million in unsupported payments to 284 students (see Appendix C). During our audit, we referred an additional 228 students in current pay status or beyond their ESY to SSA for corrective action. As of December 2003, SSA established about \$1.2 million in overpayments against these students.

Although SSA has undertaken a number of initiatives to improve its controls and procedures, we believe that additional actions are necessary to strengthen program integrity and deter fraud, waste, and abuse. These actions should reduce the potential for incorrect and unsupported payments to student beneficiaries beyond the maximum age of entitlement. Therefore, we recommend SSA:

1. Take corrective action to ensure that overpayments are established and collection activities are initiated for the 70 incorrect payments and 7 unsupported payments identified by our audit.
2. Evaluate the feasibility of establishing overpayments and initiating collection activities for the remaining incorrect and unsupported payments questioned by our audit.
3. Revise the Form SSA-1372 to request school officials to identify and certify the operating basis of the school (that is, yearly, quarterly or semester with enrollment each quarter or semester, or quarterly or semester without enrollment each quarter or semester).
4. Ensure the Form SSA-1372 is retained in the student's claim folder or scanned into the paperless imaging system.

AGENCY COMMENTS

In its response, SSA agreed with all of our recommendations. See Appendix D for the text of SSA's comments.

Appendices

Appendix A

Acronyms

Act	Social Security Act
ESY	End-of-School Year
FO	Field Office
Form SSA-1372	Student's Statement Regarding School Attendance
MBR	Master Beneficiary Record
PC	Processing Center
POMS	Program Operations Manual System
Pub. L.	Public Law
SSA	Social Security Administration
U.S.C.	United States Code

Scope and Methodology

Based on the Social Security Administration's (SSA) Master Beneficiary Record (MBR), we obtained a data extract of 258,530 student beneficiaries with a date of birth between October 1, 1982 and July 31, 1984. Using this data extract, we determined that 4,284 students were over 19 years and 2 months as of July 2003. According to the MBR, these students had received one or more benefit payments after reaching the age of 19 years and 2 months.

Of the 4,284 students in our population, we found that 4,056 students (94.7 percent) were in terminated pay status and did not receive benefits beyond their end-of-school year (ESY). From this amount, we selected a random sample of 100 students for review (see Appendix C). For the remaining 228 students (5.3 percent), we found that (1) 175 students were in current pay status as of July 2003 and (2) 53 students were in terminated pay status and had received benefits beyond their ESY. We referred these cases to SSA for corrective action.

To accomplish our objective, we:

- reviewed the applicable sections of the Social Security Act (Act), United States Code, and SSA's Program Operations Manual System;
- interviewed SSA employees from the Western Program Service Center and the Offices of Systems Design and Development, Retirement and Survivors Insurance Systems, and Public Services and Operations Support;
- extracted a random sample of 100 student beneficiaries, and obtained queries from SSA's MBR and Payment History Update System;
- requested the Form SSA-1372, *Student's Statement Regarding School Attendance*, for the students in our sample;
- requested case folders to review supporting documentation for the benefit payments awarded to the students in our sample;
- contacted schools and students, via telephone and fax, to verify school attendance and operating basis for the students in our sample;
- visited Internet websites (that is, www.whitepages.com and www.greatschools.net) to locate the students and identify the schools they had attended;
- used Autotrack XP, an Internet database, to obtain current addresses and telephone numbers for the students in our sample; and

- reviewed the overpayments established by SSA for the 228 cases referred for corrective action because the students were in current pay status or had exceeded their ESY.

We determined the computer-processed data from the MBR was sufficiently reliable for our intended use. We conducted tests to determine the completeness and accuracy of the data. These tests allowed us to assess the reliability of the data and achieve our audit objectives.

We evaluated the effectiveness of SSA's controls and procedures to ensure that students who received Social Security benefits beyond the age of 19 years and 2 months were eligible for payments in accordance with the Act. Specifically, we determined the propriety of benefits awarded to the students and the adequacy of support for the payments. The incorrect and unsupported payments questioned by our audit represent net overpayments that were reduced by underpayments due other individuals in the same family. These amounts include any overpayments attributable to student beneficiaries who had dropped out of school before reaching the age of 19 years and 2 months.

We performed audit work in Richmond, California, between August and December 2003. The entities audited were SSA's processing centers under the Deputy Commissioner for Operations and the Office of Retirement and Survivors Insurance Systems under the Deputy Commissioner for Systems. We conducted our audit in accordance with generally accepted government auditing standards.

Sampling Methodology and Results

We obtained a data extract from the Social Security Administration's (SSA) Master Beneficiary Record (MBR) of student beneficiaries who were over 19 years and 2 months as of July 2003. We identified 4,056 students in terminated pay status who did not receive payments beyond their end-of-school year. SSA processed termination actions because the students had reached age 19 or did not attend school. For these students, we reviewed the timeliness of the termination actions and the adequacy of support for the benefit payments.

Based on a random sample of 100 students, we found that SSA disbursed \$110,797 in incorrect payments to 70 students and \$5,435 in unsupported payments to 7 students. Projecting these results to our population of 4,056 students, we estimate that SSA disbursed about \$4.5 million in incorrect payments to 2,839 students and \$0.2 million in unsupported payments to 284 students. The following tables provide the details of our sampling results and statistical projections.

Table 1 – Population and Sample Size

Population	Population Size	Sample Size
Terminated Students	4,056	100

Table 2 – Sample Results

Sample Results	Incorrect Payments	Unsupported Payments	Total
Number of Errors	70	7	77
Amount of Errors	\$110,797	\$5,435	\$116,232

Table 3 – Statistical Projections for Number of Errors

Projection	Incorrect Payments	Unsupported Payments	Total
Point Estimate	2,839	284	3,123
Lower Limit	2,501	136	
Upper Limit	3,141	515	

Note: Projections are at the 90-percent confidence level.

Table 4 – Statistical Projections for Amount of Errors

Projection	Incorrect Payments	Unsupported Payments	Total
Point Estimate	\$4,493,926	\$220,444	\$4,714,370
Lower Limit	\$3,349,857	\$69,768	
Upper Limit	\$5,637,995	\$371,119	

Note: Projections are at the 90-percent confidence level.

Appendix D

Agency Comments



SOCIAL SECURITY

MEMORANDUM

33346-24-1184

Date: July 29, 2004 Refer To: S1J-3

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

From: Larry W. Dye /s/
Chief of Staff

Subject: Office of the Inspector General (OIG) Draft Report "Payments to Student Beneficiaries Beyond the Maximum Age of Entitlement" (A-09-04-14050)--INFORMATION

We appreciate OIG's efforts in conducting this review. Our comments on the draft report content and recommendations are attached.

Please let me know if you have any questions. Staff inquiries may be directed to Candace Skurnik, Director, Audit Management and Liaison Staff, at extension 54636.

Attachment:
SSA Response

COMMENTS ON THE OFFICE OF THE INSPECTOR GENERAL (OIG) DRAFT REPORT, "PAYMENTS TO STUDENT BENEFICIARIES BEYOND THE MAXIMUM AGE OF ENTITLEMENT" (A-09-04-14050)

Thank you for the opportunity to review and comment on the draft report. We appreciate your efforts to conduct this review and we look forward to receiving your accompanying report, "OIG Follow-up Review of School Attendance of Child Beneficiaries Over Age 18" (A-09-04-14013; Audit No. 22003058), in September 2004. We believe the results of these two reports will assist us in identifying additional enhancements needed to our redesigned student monitoring system that was implemented in March 2001.

We too are aware of the past and current complexities that can occur in determining a student's maximum age of entitlement. As part of our continuous commitment to issue benefit payments accurately, we have been working to identify and implement enhancements to systems and processes for student beneficiaries at, and over, the age of 18. Below is a description of activities we have taken that were developed based on our own internal reviews. I would like to highlight that the actions described below address a number of the areas that you also identified as needing improvement.

In the summer of 2002, we identified problems regarding paying student benefits past age 19 plus 2 months, and our quality assurance staff provided listings that identified 1,633 potential student overpayment situations. All of those cases were corrected by the Program Service Centers.

In September 2003, we implemented new instructions; *When Student Benefits Terminate*, RS 00205.325, TN 16. In addition to clarifying the procedure, these instructions include 14 examples of possible termination scenarios and illustrate the considerations of the school's operating basis (either yearly, quarterly or semester with reenrollment) in relation to age 19 attainment; payment for the month of graduation and age 19 attainment; age 19 attainment in the first or last month of the school year; and age 19 attainment in a month of nonattendance. Also, in September 2003, we presented an Interactive Video Training session dedicated solely to Title II student reminders, particularly age 19 issues.

Finally, effective with the June 21, 2004, Title II Redesign Release 3 (T2R3), the system now requires specific input to identify those instances when a student attends a secondary school that operates on a quarterly or semester basis and requires reenrollment. Only in this situation is a student entitled to receive benefits beyond the age of 19 plus 2 months. This new system modification will help prevent future payment problems for this group of beneficiaries.

Regarding the sample selection, the report states that the data used for the analysis was extracted from terminated student beneficiaries born between October 1, 1982 and July 31, 1984 who received student benefits after the age of 19 plus 2 months. Therefore, the results reflect cases processed using the pre-March 2001 version of the SSA-1372 (which was used to process payments to students born between October 1, 1982 and

June 1, 1983) and the post-March 2001 version of the SSA-1372 (which was used to process payments to students born between June 2, 1983 and July 31, 1984). It is not clear if the use of the new form had an impact on these payments as the analysis is based on sample records processed both before and after the revised SSA-1372 was introduced.

Regarding the findings and recommendations, we agree, and the responses below describe actions we have already taken, or plan to take, for the individual recommendations. We have also included some technical comments.

Recommendation 1

SSA should take corrective action to ensure that overpayments are established and collection activities are initiated for the 70 incorrect payments and 7 unsupported payments identified by our audit.

Response

We agree. In December 2003, corrective action activities were completed for these cases.

Recommendation 2

SSA should evaluate the feasibility of establishing overpayments and initiating collection activities for the remaining incorrect and unsupported payments questioned by our audit.

Response

We agree. In December 2003, we established overpayments and initiated collection activities on all the remaining accounts.

Recommendation 3

SSA should revise the Form SSA-1372 to request school officials to identify and certify the operating basis of the school (that is, yearly, or quarterly or semester with enrollment each quarter or semester, or quarterly or semester without enrollment each quarter or semester).

Response

We agree and have already drafted a new version of the form. We will solicit and incorporate comments on the revised form from users. Once the proposed revised form is finalized, we will submit the proposed revisions to the Office of Management and Budget for approval. When the new form is approved and printed, we will update and issue accompanying Program Operation Manual System (POMS) instructions about the use of the form and the information on the web site “For School Officials” on *Social Security Online* (www.socialsecurity.gov). We estimate that the above process will be completed in a year.

Recommendation 4

SSA should ensure the Form SSA-1372 is retained in the student's claim folder or scanned into the paperless imaging system.

Response

We agree. On July 15, 2004 we issued a reminder item (AM-04104) about following the procedure in GN 01085.025 and GN 01085.030 regarding the retention of the SSA-1372.

Appendix E

OIG Contacts and Staff Acknowledgments

OIG Contacts

James J. Klein, Director, San Francisco Audit Division, (510) 970-1739

Jack H. Trudel, Audit Manager, (510) 970-1733

Acknowledgments

In addition to those named above:

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Wilfred P.K. Wong, Auditor

Brennan Kraje, Statistician

Annette DeRito, Writer-Editor

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Majority and Minority Staff Director, Subcommittee on Social Security
Chairman and Ranking Minority Member, Subcommittee on Human Resources
Chairman and Ranking Minority Member, Committee on Budget, House of Representatives
Chairman and Ranking Minority Member, Committee on Government Reform and Oversight
Chairman and Ranking Minority Member, Committee on Governmental Affairs
Chairman and Ranking Minority Member, Committee on Appropriations, House of Representatives
Chairman and Ranking Minority, Subcommittee on Labor, Health and Human Services, Education and Related Agencies, Committee on Appropriations,
House of Representatives
Chairman and Ranking Minority Member, Committee on Appropriations, U.S. Senate
Chairman and Ranking Minority Member, Subcommittee on Labor, Health and Human Services, Education and Related Agencies, Committee on Appropriations, U.S. Senate
Chairman and Ranking Minority Member, Committee on Finance
Chairman and Ranking Minority Member, Subcommittee on Social Security and Family Policy
Chairman and Ranking Minority Member, Senate Special Committee on Aging
Social Security Advisory Board

Overview of the Office of the Inspector General

The Office of the Inspector General (OIG) is comprised of our Office of Investigations (OI), Office of Audit (OA), Office of the Chief Counsel to the Inspector General (OCCIG), and Office of Executive Operations (OEO). To ensure compliance with policies and procedures, internal controls, and professional standards, we also have a comprehensive Professional Responsibility and Quality Assurance program.

Office of Audit

OA conducts and/or supervises financial and performance audits of the Social Security Administration's (SSA) programs and operations and makes recommendations to ensure program objectives are achieved effectively and efficiently. Financial audits assess whether SSA's financial statements fairly present SSA's financial position, results of operations, and cash flow. Performance audits review the economy, efficiency, and effectiveness of SSA's programs and operations. OA also conducts short-term management and program evaluations and projects on issues of concern to SSA, Congress, and the general public.

Office of Investigations

OI conducts and coordinates investigative activity related to fraud, waste, abuse, and mismanagement in SSA programs and operations. This includes wrongdoing by applicants, beneficiaries, contractors, third parties, or SSA employees performing their official duties. This office serves as OIG liaison to the Department of Justice on all matters relating to the investigations of SSA programs and personnel. OI also conducts joint investigations with other Federal, State, and local law enforcement agencies.

Office of the Chief Counsel to the Inspector General

OCCIG provides independent legal advice and counsel to the IG on various matters, including statutes, regulations, legislation, and policy directives. OCCIG also advises the IG on investigative procedures and techniques, as well as on legal implications and conclusions to be drawn from audit and investigative material. Finally, OCCIG administers the Civil Monetary Penalty program.

Office of Executive Operations

OEO supports OIG by providing information resource management and systems security. OEO also coordinates OIG's budget, procurement, telecommunications, facilities, and human resources. In addition, OEO is the focal point for OIG's strategic planning function and the development and implementation of performance measures required by the Government Performance and Results Act of 1993.