



SOCIAL SECURITY

MEMORANDUM

Date: April 12, 2005

Refer To:

To: The Commissioner

From: Inspector General

Subject: The Social Security Administration's Controls over the Suspension of Title XVI Overpayment Collection Efforts (A-04-04-24029)

The attached final report presents the results of our audit. Our objective was to determine whether the Social Security Administration's decisions to suspend collection efforts on Title XVI overpayments were made in accordance with its policies and procedures. Specifically, we reviewed overpayment suspension decisions for recipients the Social Security Administration classified as (1) unable or unwilling to pay or (2) could not be located or were out of the country.

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.

Attachment

**OFFICE OF
THE INSPECTOR GENERAL**

SOCIAL SECURITY ADMINISTRATION

**THE SOCIAL SECURITY
ADMINISTRATION'S CONTROLS OVER
THE SUSPENSION OF TITLE XVI
OVERPAYMENT COLLECTION EFFORTS**

April 2005

A-04-04-24029

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

Our objective was to determine whether the Social Security Administration's (SSA) decisions to suspend collection efforts on Title XVI overpayments were made in accordance with its policies and procedures. Specifically, we reviewed overpayment suspension decisions for recipients that SSA classified as (1) unable or unwilling to pay or (2) could not be located or were out of the country.

BACKGROUND

Title XVI of the Social Security Act established the Supplemental Security Income (SSI) program in 1972, effective January 1, 1974, to provide income to financially needy individuals who are aged, blind or disabled.¹ To determine an individual's initial eligibility for the program, payment amounts and periodic payment redeterminations, SSA relies heavily on the individual's self-disclosure of all his or her income sources. Because an SSI recipient's determination factors, such as financial status, marital status and living arrangements, frequently vary over time, SSI payments may be error-prone and result in overpayments.

When a Title XVI overpayment occurs, SSA can suspend collection of the debt in certain situations. Specifically, collection efforts can be suspended when a recipient is not in current payment status and previous collection efforts have determined the individual is unable or unwilling to pay, cannot be located, or is out of the country. Suspension decisions allow SSA to stop unproductive collection efforts. Because a suspended overpayment is not waived or written off as uncollectible, SSA has the option to initiate collection efforts at a later date if a change in the debtor's² status may lead to some collection of the overpayment.

RESULTS OF REVIEW

SSA staff did not always comply with Agency policies and procedures to ensure decisions to suspend collection efforts on Title XVI overpayments were appropriate. Specifically, our review of 250³ Fiscal Year (FY) 2002 overpayment suspensions—which

¹ Social Security Amendments of 1972 (Public Law 92-603).

² For reporting purposes, the term debtor is used to define a recipient of Title XVI payments to which s/he was not entitled and therefore is indebted to SSA.

³ We randomly selected overpayment suspensions greater than \$3,000 that occurred in FY 2002 and remained in suspended status as of October 2, 2003. We selected two samples from one segment of the Supplemental Security Record (SSR). The SSR is divided into 20 segments based on the last 2 digits of the beneficiary Social Security number.

included a sample of 175 randomly selected *unable or unwilling to pay* decisions and a separate sample of 75 randomly selected *unable to locate or out of the country* decisions⁴—determined that SSA did not always document the (1) justification for the suspension decision or (2) required management approval before suspending an overpayment. Additionally, SSA employees suspended overpayments when debtors or debtors' representative payees had reported earnings that may have enabled some repayment of the debt. Finally, SSA personnel suspended debts and classified the debtor as *unable to locate or out of the country*, even though we found no evidence SSA attempted to contact the debtor or representative payee through their employer. In total, 164 (65.6 percent) of the 250 suspension decisions reviewed had 1 or more noncompliance errors. As such, for FY 2002 overpayment decisions greater than \$3,000, we estimate SSA personnel did not fully comply with SSA policies and procedures in 12,060 cases totaling about \$87.5 million.

CONCLUSION AND RECOMMENDATIONS

SSA did not always follow established policies and procedures to ensure Title XVI overpayment suspension decisions were appropriate. To ensure Agency employees make sound overpayment suspension decisions and comply with Agency policies, we believe SSA should more closely monitor this process. Additionally, we believe further opportunities exist for SSA to collect these debts.

Accordingly, we recommend that SSA:

- Issue a reminder and, if necessary, further guidance to SSA debt collection staff requiring that they fully develop and document overpayment suspension decisions, as required by SSA policy.
- Instruct Debt Management and field office supervisors to periodically review overpayment suspension decisions to ensure staff complies with SSA requirements.
- Ensure all overpayment suspension decisions exceeding established thresholds are reviewed and approved by appropriate SSA management officials, as required by SSA policy.
- Periodically match debtors' and representative payees' earnings to suspended overpayments to identify instances in which some repayment of the debt is possible.
- Consider clarifying existing guidance and/or issuing further guidance allowing the collection of overpayments from a representative payee who is a parent of a minor child/beneficiary.

⁴ The sample of 175 *unable or unwilling to pay* and the sample of 75 *unable to locate or out of the country* suspension decisions were randomly selected from segment seven of the SSR. The universe of the *unable or unwilling to pay* and the *unable to locate or out of the country* suspension decisions was 795 and 143, respectively.

- Take action to collect a \$12,108 overpayment from a current SSA employee.

AGENCY COMMENTS AND OIG RESPONSE

SSA agreed with all of our recommendations. In its response to our report, SSA stated actions to strengthen the controls over suspending collection efforts on Title XVI overpayments have been taken or are planned. Additionally, the Agency responded that several initiatives to improve the collection of existing overpayments, including suspended overpayments, were in progress. We believe SSA's response adequately addressed our recommendations. SSA also provided technical comments that we incorporated into the final report, as appropriate. The full text of SSA's comments is included in Appendix D.

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Introduction

OBJECTIVE

Our objective was to determine whether the Social Security Administration's (SSA) decisions to suspend collection efforts on Title XVI overpayments were made in accordance with its policies and procedures. Specifically, we reviewed overpayment suspension decisions for recipients that SSA classified as (1) unable or unwilling to pay or (2) could not be located or were out of the country.

BACKGROUND

Title XVI of the Social Security Act established the Supplemental Security Income (SSI) program in 1972, effective January 1, 1974, to provide income to financially needy individuals who are aged, blind or disabled. To determine an individual's initial eligibility for the program, payment amounts and periodic payment redeterminations, SSA relies on the individual's self-disclosure of all his or her income sources. Because an SSI recipient's determination factors, such as financial status, marital status and living arrangements, frequently vary over time, SSI payments may be error-prone and result in overpayments.

When a Title XVI overpayment occurs, SSA can suspend collection of the debt in certain situations. Specifically, collection efforts can be suspended when a recipient is not in current payment status and previous collection efforts have determined the individual is unable or unwilling to pay, cannot be located or is out of the country. Suspension decisions allow SSA to stop unproductive collection efforts. Once suspended, the overpayments remain in this status indefinitely. SSA reports suspended overpayments to the Department of the Treasury (Treasury) for offset against a debtor's future tax refunds and, where applicable, reports the debt to credit bureaus. Also, SSA may use collection tools such as administrative offset against Federal salary or other payments, and private collection agencies.

When SSA suspends Title XVI debts, SSA personnel assign one accounting code for decisions in which the debtor is either unwilling or unable to pay and another code for decisions where the debtor is unable to be located or out of the country. The SSA accounting codes do not provide for any further classification. For example, without written documentation, we were unable to determine whether a suspension decision was made because the debtor was unwilling or unable to pay. SSA policies and procedures require that all suspension decisions be justified, documented, and approved when certain dollar thresholds are met. SSA policies also provide specific instructions for decisions involving a debtor who is unable or unwilling to pay and separate instructions for debtors who cannot be located or are out of the country.

Generally, Debt Collection Representatives and Debt Specialists in the Debt Management Section of SSA's program service centers (PSC) are responsible for

collection efforts on Title XVI overpayments. This staff has the authority to suspend collection efforts on Title XVI overpayments under \$20,000 when it is determined that further efforts would not be effective. In certain situations, SSA field office (FO) personnel are responsible for collecting Title XVI overpayments and may suspend collection efforts on overpayments under \$2,000 without supervisory approval. FO suspension decisions for overpayments between \$2,000.01 and \$19,999.99 must have FO management approval. All suspension decisions over \$20,000 require Assistant Regional Commissioner approval.

During our review, three other audits were being conducted on SSI overpayments, and our work was coordinated to ensure there was no overlap. These audits are discussed below.

- *Supplemental Security Income Overpayments* (A-01-04-24022), issued April 2004, assessed SSA's efforts to identify, prevent, and resolve SSI overpayments.
- *Social Security Administration's Controls over the Title XVI Waiver Process* (A-06-03-13077), issued October 2004, assessed whether Title XVI waiver decisions were in accordance with SSA's policies and procedures.
- *Social Security Administration's Rules of Administrative Finality* (A-01-04-24024) will assess the Agency's application of administrative finality rules to SSI and Old-Age, Survivors, and Disability Insurance cases.

To determine whether SSA employees complied with Agency policies and procedures when suspending Title XVI overpayments, we reviewed 250 randomly selected overpayment suspension decisions from FY 2002 that remained in suspended status as of October 2, 2003. From this universe, we randomly selected two samples—one including 175 suspension decisions greater than \$3,000 in which SSA concluded the debtor was *unable or unwilling to pay* and another including 75 overpayment suspensions over \$3,000 in which the debtor was *unable to be located or out of the country*.

We reviewed each of the selected overpayment suspension decisions for appropriateness as defined in SSA's Program Operations Manual System (POMS). Our audit tested more than one control attribute for each suspension decision. For example, we determined whether each decision was adequately documented to evidence the (1) reasoning/justification for the suspension and (2) approval by the appropriate level of management. As a result, some suspensions have more than one reportable issue and are included as audit findings in one or more sections of the report. However, when estimating the overall number of suspension decisions with errors, we counted only one error for each case. Further information regarding our audit scope and methodology and sampling methodology and results is in Appendices B and C, respectively.

Results of Review

SSA personnel did not always comply with Agency policies and procedures to ensure decisions to suspend collection efforts on Title XVI overpayments were appropriate. Our review of 250 FY 2002 overpayment suspensions—175 *unable or unwilling to pay* decisions and 75 *unable to locate or out of the country* decisions—determined that SSA did not always document the (1) justification for the suspension decision or (2) required management approval before suspending an overpayment. Additionally, SSA personnel suspended some overpayments when debtors or the debtors' representative payees had reported earnings that may have enabled some repayment. Finally, SSA personnel suspended some debts and classified the debtors as *unable to locate or out of the country*, even though we did not find evidence SSA attempted to contact the debtor or the debtor's representative payee through their current employer. In total, 164 (65.6 percent) of the 250 suspension decisions reviewed had 1 or more noncompliance errors. As such, for FY 2002 overpayment decisions greater than \$3,000, we estimate SSA personnel did not fully comply with SSA policies and procedures for 12,060 cases totaling about \$87.5 million.

SSA PERSONNEL DID NOT ALWAYS DOCUMENT THEIR DEVELOPMENT OF AND JUSTIFICATION FOR SUSPENDING COLLECTION EFFORTS

SSA personnel did not always document efforts to collect overpayments it subsequently suspended. SSA's policies and procedures require that the development of and justification for the suspension decision be documented in the remarks section of the Debt Management System¹ (DMS) or on a record of contact screen in the Modernized Supplemental Security Income Claims System (MSSICS).² However, of the 250 FY 2002 overpayment suspensions we reviewed, SSA personnel had not maintained relevant and sufficient documentation for 129 (51.6 percent) of the cases. Based on our results, we estimate that 10,460 FY 2002 overpayment suspension decisions totaling about \$75.8 million were not adequately documented. See Appendix C for our estimation methodology.

SSA policies require that personnel take certain actions before suspending collection efforts on Title XVI overpayments. As explained below, documentation should have been available indicating that the required steps were performed.

- If a debtor states he or she is *unable to pay*, SSA requires that the debtor submit personal financial information for review. Information that should be obtained and

¹ SSA POMS, GN 02210.217.

² SSA POMS, SI 02220.005 C.3.

analyzed includes the debtor's income, expenses and other resources.³ If SSA determines sufficient funds are not available, the debt may be suspended for inability to pay.⁴ However, during our review of the 175 *unable or unwilling to pay* suspensions, we did not always find documentation showing analysis of the debtor's financial position in the required system screens or in the debtor's case folder.

- When a debt exceeds \$3,000 and the debtor refuses to provide financial information or offer repayment—that is, they are *unwilling to pay*—SSA is required to check the debtor's master earnings record to determine whether the debtor may have earnings that allows for some repayment. However, during our review of the 175 *unable or unwilling to pay* suspension decisions, we did not always find evidence that SSA personnel reviewed the debtors' earnings records.
- To locate a debtor, SSA should rely on information from internal sources and other available outside sources, such as credit bureaus, the U.S. Postal Service, and State Departments of Motor Vehicles.⁵ SSA personnel are required to pursue all reasonable leads in locating a debtor.⁶ An example of an internal SSA record that can be used to locate a debtor is the Supplemental Security Income Record Display (SSIRD). When the SSIRD reports earned income for a debtor, SSA personnel should research SSA's Master Earnings File⁷ (MEF) to identify the debtor's employer and address. If previous collection efforts to locate the debtor are unsuccessful, SSA personnel are required to contact the debtor through the employer.⁸ However, we did not always find evidence of such contacts or attempts to locate the debtors in the 75 *unable to locate or out of the country* suspension cases we reviewed.

SSA MANAGEMENT DID NOT ALWAYS DOCUMENT THEIR REVIEW OF SUSPENSION DECISIONS AS REQUIRED

Of the 250 *unable or unwilling to pay* and *unable to locate or out of the country* suspension decisions reviewed, 148 required supervisory review because they were above the established threshold. However, for 129 (87.2 percent) of the 148 suspension decisions, we found no evidence of the required supervisory review. SSA policies in effect during FY 2002 required that management review of suspension decisions exceeding established thresholds be documented by the respective manager on a (1) Report of Contact screen in MSSICS; (2) paper SSA-5002 Report of Contact,

³ SSA POMS, GN 02210.217.

⁴ SSA POMS, GN 02210.217 B.

⁵ SSA POMS, GN 02210.213.B.3.

⁶ SSA POMS, SI 02220.051.A.1.

⁷ The MEF is an SSA database that contains Social Security number (SSN) holders' recorded earnings.

⁸ SSA POMS, SI 02220.051.e.

which should have been included in the case file;⁹ or (3) SSA-553, Special Determination form, which was sent to an Assistant Regional Commissioner for approval and, if approved, documented in MSSICS. However, we found no such documentation for 129 of the 148 suspension decisions requiring approval. Based on our results, we estimate that 9,200 FY 2002 overpayment decisions, totaling about \$67.7 million, did not have documented supervisory approvals. See Appendix C for our estimation methodology. Table 1 details the level of management approval required for overpayment suspension decisions developed at SSA FOs and PSCs.

Table 1: Management Approval Required for Suspension Decisions¹⁰

Debt Processing Location		Level of Management Approval Required		
		Debt Under \$2,000	Debt between \$2,000.01 and \$19,999.99	Debt between \$20,000 and \$99,999.99
FO	None	Operations Supervisor or Management Support Specialist	Assistant Regional Commissioner for Management Operations and Support (ARC-MOS)	ARC MOS must refer to the U.S Department of Justice
PSC	None	None	Assistant Regional Commissioner for Processing Center Operations (ARC-PCO)	ARC PCO must refer to the U.S Department of Justice

During the course of our audit, SSA implemented revised procedures¹² for documenting supervisory approvals for overpayment suspension decisions made at the FOs. The revised procedures would allow FO managers to document their supervisory review in the MSSICS by keying in a personal identification number (PIN).¹³ Under this new procedure, suspension decisions developed by FO staff cannot be posted to MSSICS until the supervisor enters a PIN, indicating the decision was reviewed and approved. The suspension decisions included in our review were not subject to the revised policy and were evaluated based on the policy that was in place at the time of our audit. We did not evaluate the revised procedures. Accordingly we cannot opine as to whether the new procedures effectively address our concern that suspension decisions lacked evidence of a supervisory review.

⁹ SSA POMS, SI 02220.005.B.3., in effect September 18, 2001 to November 26, 2002.

¹⁰ SSA POMS, SI 02220.005 B.4., in effect September 18, 2001 to November 26, 2002.

¹¹ None of the suspended overpayments in our sample exceeded \$100,000.

¹² SSA POMS, SI 02220.005 A.

¹³ SSA refers to this procedure as a 2-PIN process. Non-supervisory staff must enter a PIN to access and develop the decision in the MSSICS (PIN 1), and then a supervisor must enter a PIN to authorize the posting of the decision (PIN 2).

SSA PERSONNEL SUSPENDED OVERPAYMENTS WHEN DEBTORS HAD EARNINGS

Of the 175 cases in which SSA suspended collection efforts because the debtor was *unable or unwilling to pay*, we determined 32 (18.3 percent) debtors or their representative payees had earnings that may have been sufficient to enable some repayment of the debt. We are aware that earnings are only part of the debtor's overall financial position, as expenses and other assets are also factors and affect SSA's decision to suspend an overpayment based on inability to repay. However, based on our findings, we estimate that, for 2,900 FY 2002 suspension decisions totaling about \$20.7 million, SSA did not identify debtors' or their representative payees' earnings, which may have been sufficient to make some repayment of the debt possible. See Appendix C for our estimation methodology.

Debtors Individually Responsible for Overpayments

For 10 (31 percent) of the 32 suspension decisions, the beneficiary was responsible for the overpayment and had reported earnings when the overpayments were suspended. The annual earnings information available to SSA staff at the time of the suspension decision for these 10 beneficiaries ranged from \$12,171 to \$36,313. In all 10 cases, we found no evidence that SSA considered the debtor's earnings, expenses and other assets before suspending the overpayment. In two cases, both of which were for the same beneficiary, SSA's documentation indicated the debtor's FY 2001 earnings were under \$10,000. As such, SSA personnel suspended collection of the overpayment for inability to pay. However, SSA's earnings records for Tax Year (TY) 2001 indicated the debtor actually earned \$26,452. Finally, in 6 of the 10 cases, SSA records reported that the overpayments occurred because the beneficiaries had earnings that exceeded allowable earnings under the Title XVI program, which is an indicator the debtor may have earnings to enable some repayment.

We believe that, at a minimum, SSA personnel should have (1) recognized that some of the debtors' overpayments resulted from excess earnings and (2) correctly identified the TY 2001 earnings. Both situations should have made SSA personnel further develop the debtor's financial position.

We acknowledge that, because of annual wage reporting time frames, current year earnings are frequently not available to SSA until the third quarter of the following year. As a result, SSA staff may have had only TY 2000 earnings available when some of the FY 2002 suspension decisions were made. However, we determined that SSA debt collection staff had both TY 2000 and 2001 earnings available in 4 of the 10 cases. We believe 2 consecutive years of earnings is an indication of continuing employment that should have been considered in determining whether the debtors were capable of some repayment.

Our review of SSA's MEF for TYs 2000 through 2003 determined that all 10 debtors had earnings in each of the 4 years, and the earnings were generally consistent. Although

the 2002 and 2003 earnings were not available in SSA earnings records at the time of the suspension decision, we believe the earnings demonstrated a trend of continuing employment that may enable the debtor to repay some of the debt. However, according to SSA's policy, further collection efforts are terminated once an overpayment is suspended, unless the individual begins receiving SSA benefits again at some time in the future. As a result, SSA is not aware when debtors begin to earn wages that may enable them to repay some of the debt.

We believe SSA's debt collection efforts could be improved by periodically matching debtor earnings with suspended overpayments. This match would enable SSA to identify those debtors who may be able to repay the debt. Upon identifying these debtors, SSA could temporarily remove the debt's suspension status and attempt to further develop the debtors' overall financial position to determine whether repayment is possible.

Table 2 details the debtors' earnings that were available to SSA staff when the overpayment was suspended and demonstrates that the debtors' earnings continued over the 4-year period 2000 through 2003.

Table 2: Earnings Data Available when Overpayments Were Suspended

	Over-payment Amount	Date Suspended	Overpayment Due to Excess Income	Reported Earnings TY 2000	Reported Earnings TY 2001	Reported Earnings TY 2002	Reported Earnings TY 2003
1	\$5,869	7/22/02	No	\$26,300	\$28,559	\$24,844	\$32,374
2	11,982	3/5/02	Yes	25,945	24,365	26,574	23,407
3	3,326	1/11/02	No	24,955	22,251	38,657	30,555
4	4,730	4/02/02	Yes	21,607	26,452	32,398	33,797
5	5,747	4/02/02	Yes	21,607	26,452	32,398	33,797
6	10,500	5/24/02	Yes	18,289	36,313	31,686	35,908
7	8,298	1/29/02	Yes	15,113	25,940	21,527	18,715
8	5,518	9/05/02	Yes	13,989	15,467	15,792	4,029
9	13,582	8/06/02	No	13,349	13,085	12,768	14,242
10	4,617	2/04/02	No	12,171	25,633	33,812	23,507

Legend: Earnings shaded in purple indicate the debtor earnings available at the time the overpayment was suspended

Although SSA suspended collection efforts on these overpayments, we found that 2 of the 10 overpayments had subsequent collections totaling \$3,534 through a Treasury recovery action. We acknowledge that SSA's policy to automatically report suspended overpayments to the Treasury for subsequent offset against Federal tax refunds

resulted in some repayment. However, we believe the Treasury offset also indicated that debtors had earnings after the suspension decision that may have enabled some additional repayment of the debt.

Representative Payees Who May Have Been Responsible for Overpayments

In the remaining 22 of the 32 suspension decisions, the debtors had a representative payee. For 21 of the 22 suspensions, the representative payee was the parent of a minor child/beneficiary or a mentally disabled adult. According to SSA policy, personnel may attempt to recover an overpayment from the beneficiary's representative payee and should attempt to determine whether the representative payee is solely or jointly liable for the overpayment.¹⁴

For the 21 cases where the representative payee was the parent of a minor child or a mentally disabled adult, we believe it is reasonable to expect the parent acted in a fiduciary capacity. Therefore, assuming the parents managed the benefits, we believe it is reasonable that SSA more aggressively collect overpayments from the representative payee/parent when they have earnings. However, SSA's debt collection policy and procedures do not provide distinct instructions for collecting overpayments from a representative payee that is a parent of a minor child.

Our review of SSA's earnings records found the representative payees' most recent annual earnings available to SSA staff at the time of the suspension decisions ranged from \$12,305 to \$62,159. Although the earnings indicate the representative payees may have been able to repay some of the debt, we found no evidence that SSA evaluated the representative payees' overall financial conditions to determine whether an ability to pay existed. We reviewed SSA's earnings file for TYs 2000 through 2003 and found that 20 of the 22 representative payees had earnings in each of the TYs. As previously discussed, we understand the 2002 and 2003 earnings data were not available when SSA employees made the suspension decisions. However, the continued pattern of earnings could indicate the representative payees had some ability to repay the debts.

Table 3 provides details of the representative payee earnings that were available to SSA staff when the overpayment was suspended and demonstrates that the representative payees' earnings generally continued and were consistent over the 4-year period 2000 through 2003.

¹⁴ According to SSA POMS SI 02201.020 B.3.b., SSA may attempt to recover an overpayment from a representative payee when (1) the overpaid funds were not used for the overpaid individual's support and maintenance, and (2) the overpaid funds were used for the overpaid individual's support and maintenance and the payee was aware of the facts causing the overpayment.

Table 3: Representative Payee Earnings Available when Overpayments were Suspended

	Over-payment Amount	Date Suspended	Debtor/Representative Payee Relationship	Reported Earnings Tax Year 2000	Reported Earnings Tax Year 2001	Reported Earnings Tax Year 2002	Reported Earnings Tax Year 2003
1	\$15,110	7/18/02	Child/Mother	\$55,556	\$62,159	\$60,271	\$70,978
2	4,895	6/03/02	Child/Mother	369	51,623	64,033	36,598
3	3,584	4/23/02	Child/Mother	35,486	46,405	48,468	44,087
4	8,186	4/30/02	Child/Mother	35,216	40,081	42,120	38,273
5	5,374	3/18/02	Child/Father	33,067	29,102	30,577	None
6	4,767	7/02/02	Child/Father	33,067	29,102	30,577	None
7	7,568	11/19/01	Child/Mother	31,431	27,064	25,696	16,337
8	5,315	9/09/02	Child/Father	31,248	28,208	22,078	31,511
9	6,666	5/24/02	Child/Mother	27,649	31,553	33,130	33,970
10	8,036	7/26/02	Child/Mother	24,282	20,601	14,341	15,629
11	4,821	9/17/02	Child/Mother	21,467	22,392	24,605	24,884
12	3,126	12/03/01	Child/Mother	19,243	26,217	27,747	35,380
13	13,712	4/30/02	Child/Mother	19,214	19,232	20,813	16,535
14	4,383	11/14/01	Adult/Mother	18,304	14,809	16,094	6,823
15	5,907	2/07/02	Child/Father	16,382	19,162	21,742	19,642
16	6,554	2/07/02	Child/Father	16,382	19,162	21,742	19,642
17	32,973	2/4/02	Adult/Relative	16,382	12,059	18,236	6,037
18	4,621	9/27/02	Child/Mother	15,848	12,305	10,832	12,458
19	4,782	10/2/01	Child/Mother	14,007	24,538	30,651	21,708
20	4,835	4/16/02	Adult/Mother	13,842	14,907	20,936	27,303
21	4,300	5/29/02	Child/Mother	9,548	12,844 ¹⁵	24,271	14,801
22	6,619	7/30/02	Adult/Mother	738	21,307	21,823	22,147

Legend: Earnings shaded in purple indicate the debtor earnings available at the time the overpayment was suspended

We believe SSA's debt collection efforts could benefit by:

- periodically matching representative payee earnings to suspended overpayments—this match would enable SSA to identify those representative payees that should be considered for renewed collection efforts and
- establishing policy and procedures for collecting overpayments from a representative payee who is the parent of a minor child/beneficiary.

¹⁵ Total earnings for TY 2001 were \$14,443. Earnings of \$1,599 were posted after the suspension date.

MORE THOROUGH COLLECTION EFFORTS MAY HAVE LOCATED DEBTORS

For 14 of the 75 (18.7 percent) suspended overpayments in which SSA recorded the reason for the decision as *unable to locate or out of the country*,¹⁶ we believe SSA may have been able to locate the debtor through their or the representative payee's employer. In some of the cases, SSA attempted to contact the debtor or the debtor's representative payee but was unsuccessful. However, we found no evidence in these 14 suspension decisions that SSA attempted to contact the debtors' or the representative payees' employers. Accordingly, we estimate that, in FY 2002, 540 debtors with *unable to locate* overpayment suspension decisions totaling about \$3.2 million may have been located by contacting the debtors' or representative payees' employer.

SSA policy states that personnel should rely on information from internal sources to locate a debtor.¹⁷ SSA's Supplemental Security Record (SSR) identifies whether a beneficiary has a representative payee and, if so, the representative payee's name and SSN. Additionally, records within the Agency's MEF indicate whether a beneficiary or a representative payee had earnings posted to their records. If so, the MEF also provides the name and location of the employer who reported these earnings. According to SSA policy, staff should identify employers as potential sources of information in attempting to locate a debtor. Specifically, if previous collection efforts were unsuccessful in locating the debtor, staff is instructed to contact the employer(s).¹⁸

At the time of the suspension decisions, SSA earnings records reported that seven of the debtors had earnings in either TY 2000 or 2001 and that six of these debtors had earnings from the same employer for TYs 2000 to 2002. Given that most of these debtors had the same employer for 3 consecutive years, we believe it is reasonable to expect that SSA staff would have been able to locate the debtor had they contacted the debtor's employer. The other seven debtors were children who had a parent as their representative payee. Although SSA was unable to locate the debtors' representative payee, the representative payees had earnings in TYs 2000 and 2001. Of the seven representative payees, six had earnings from the same employer for TYs 2000 through 2002. We found no evidence that SSA attempted to locate the representative payees by contacting their employer.

Had SSA been able to locate the debtors or the debtors' representative payees, it may have been able to collect some portion of the debt. Our review of SSA's earnings records found that all of the debtors and six of the seven representative payees had continued earnings in TYs 2000 through 2003, which may have been sufficient to allow

¹⁶ For the 14 cases, we found no evidence to support the decision or the evidence indicated the debtor could not be located. Therefore, in these 14 cases, it appears SSA was unable to locate the debtors.

¹⁷ SSA POMS, GN 02210.213 B.3 and SI 02220.051.

¹⁸ SSA POMS, SI 02220.051.e.

some repayment of the debt. See Table 4 for details on the debtors' earnings and Table 5 for details on the representative payees' earnings.

Table 4: Earnings Data for Unlocated Debtors

	Over-payment Amount	Date Suspended	Reported Earnings TY 2000	Reported Earnings TY 2001	Reported Earnings TY 2002	Reported Earnings TY 2003
1	\$12,108	3/8/02	\$38,137	\$53,479	\$37,973	\$42,310
2	3,968	4/10/02	None	21,816	25,183	34,904
3	6,056	4/9/02	17,136	18,071	19,557	21,534
4	5,578	2/25/02	15,088	14,211	13,971	12,321
5	8,551	1/10/02	11,050	24,517	35,720	41,225
6	3,665	4/29/02	10,490	16,906	17,651	16,970
7	3,136	5/22/02	4,809	21,598	22,894	26,913

Legend: Earnings shaded in purple indicate the debtor's earnings were available at the time the overpayment was suspended

Table 5: Earnings Data for Representative Payees of Unlocated Debtors

	Over-payment Amount	Date Suspended	Debtor/Representative Payee Relationship	Reported Earnings TY 2000	Reported Earnings TY 2001	Reported Earnings TY 2002	Reported Earnings TY 2003
1	\$12,755	3/6/02	Child/Mother	\$33,306	\$29,908	\$27,186	\$6,352
2	4,276	9/12/02	Child/Mother	19,099	17,108	19,271	20,396
3	7,986	9/11/02	Child/Mother	15,220	23,608	29,278	25,577
4	5,433	6/19/02	Child/Mother	13,001	20,713	18,164	12,229
5	3,734	1/22/02	Child/Mother	11,867	24,075	8,430	0
6	3,909	4/29/02	Child/Mother	11,180	21,463	21,760	21,386
7	7,826	4/23/02	Child/Mother	8,680	11,980	13,387	15,990

Legend: Earnings shaded in purple indicate the debtor's earnings were available at the time the overpayment was suspended

SSA Employee Could Not Be Located

Of specific concern is the \$12,108 overpayment suspension identified in Number 1 in Table 4 above. This debtor was an SSA employee when the overpayment was suspended. SSA staff recorded the reason for this suspension as *unable to locate or out of the country*. SSA collection records indicated the debtor could not be located. However, SSA earnings records for TY 2000, available to SSA staff at the time of the suspension, indicated the debtor was employed by SSA. Furthermore, information in the debtor's Title XVI case folder and a record of contact in SSA's DMS indicated the debtor was an SSA employee. In June 2004 we issued an early alert memorandum to SSA informing the Agency of the employee's \$12,108 suspended overpayment. However, as of November 19, 2004, the Agency had not recovered any of the overpaid

benefits from the employee. We encourage SSA to initiate action to collect this overpayment.

In September 2002, we issued *Management Advisory Report: Social Security Administration Employees with Title XVI Overpayment Write-offs* (A-04-99-64005), which addressed the issue of employees with SSA debts written off by the Agency. In the report, we recommended that SSA periodically match Title XVI program overpayments against a list of SSA employees to identify current and former employees indebted to the Agency. According to an SSA official, the Agency has not yet fully implemented the recommendation. We encourage SSA to implement the recommendation so employees indebted to the Agency are identified and begin to make repayment.

Conclusions and Recommendations

SSA did not always follow established policies and procedures to ensure Title XVI overpayment suspension decisions were appropriate. Specifically, SSA staff did not always document their justification for suspending an overpayment. Additionally, many of the decisions developed by FO staff lacked evidence of a supervisory review. For some suspension decisions, we found no evidence that SSA considered the debtors' or their representative payees' earnings, which may have been sufficient to make some repayment of the debt possible. In other suspension decisions, SSA may have been able to locate the debtor or the representative payee by contacting their employer. Finally, we identified instances in which debtors and representative payees continued to have wages posted to SSA's MEF after the suspension decisions were made. Accordingly, we believe SSA's debt collection efforts could benefit by periodically matching debtors' and representative payees' earnings to suspended overpayments. This match would enable SSA to identify those debtors and representative payees who should be considered for renewed collection efforts.

We recommend that SSA:

1. Issue a reminder and, if necessary, further guidance to SSA debt collection staff requiring that they fully develop and document overpayment suspension decisions, as required by POMS.
2. Instruct Debt Management and FO supervisors to periodically review overpayment suspension decisions to ensure staff complies with SSA requirements.
3. Ensure all overpayment suspension decisions exceeding established thresholds are reviewed and approved by appropriate SSA management officials, as required by POMS.
4. Periodically match debtors' and representative payees' earnings to suspended overpayments to identify instances in which some repayment of the debt is possible.
5. Consider clarifying and/or issuing further guidance allowing the collection of overpayments from a representative payee who is a parent of a minor child/beneficiary or mentally disabled adult.
6. Take action to collect the \$12,108 overpayment from a current SSA employee.

AGENCY COMMENTS AND OIG RESPONSE

SSA agreed with all of our recommendations. In its response to our report, SSA stated actions to strengthen the controls over suspending collection efforts on Title XVI overpayments have been taken or are planned. Additionally, the Agency responded that several initiatives to improve the collection of existing overpayments, including suspended overpayments, were in progress. We believe SSA's response adequately addressed our recommendations. SSA also provided technical comments that we incorporated into the final report, as appropriate. The full text of SSA's comments is included in Appendix D.

Other Matter

Suspension Decisions were Miscoded

For 27 of the 175 (15.4 percent) *unable or unwilling to pay* suspension decisions, the collection effort documentation supported a decision other than that recorded by SSA. The documentation for these 27 decisions supported an *unable to locate or out of the country* suspension decision. However, SSA miscoded the suspension decisions as *unable or unwilling to pay*. We agree that the collection efforts should have been suspended on these overpayments because SSA was unable to contact the debtors. We did not report these decisions as unsupported suspension decisions. However, we believe SSA should properly classify the suspension decisions. A more accurate classification of suspension decisions would provide SSA management with better overpayment suspension information that may affect decisions on future collection efforts.

Appendices

Appendix A

Acronyms

ARC-MOS	Assistant Regional Commissioner for Management Operations and Support
ARC-PCO	Assistant Regional Commissioner for Processing Center Operations
DMS	Debt Management System
FO	Field Office
FY	Fiscal Year
MEF	Master Earnings File
MSSICS	Modernized Supplemental Security Income Claims System
PIN	Personal Identification Number
POMS	Program Operations Manual System
PSC	Program Service Center
SSA	Social Security Administration
SSI	Supplemental Security Income
SSIRD	Supplemental Security Income Record Display
SSN	Social Security Number
SSR	Supplemental Security Record
Treasury	Department of the Treasury
TY	Tax Year

Scope and Methodology

We reviewed 250 randomly selected overpayment suspension decisions from Fiscal Year (FY) 2002 that were still in suspended status as of October 2, 2003. We sampled 175 suspension decisions over \$3,000 in which the Social Security Administration (SSA) concluded the debtor was *unable or unwilling to pay*. We also sampled 75 overpayment suspensions over \$3,000 in which the debtor was *unable to be located or out of the country*. We reviewed each overpayment suspension decision for appropriateness as defined in the Program Operations Manual System.

We also:

- reviewed applicable Federal regulations that govern overpayment suspensions under Title XVI of the Social Security Act;
- interviewed field office and program service center Debt Management Section personnel regarding procedures used to develop an overpayment suspension decision;
- reviewed prior Office of the Inspector General and Government Accountability Office reports that pertain to Supplemental Security Income overpayments;
- queried and reviewed overpayment suspension information from SSA's Modernized Supplemental Security Income Claims System, Modernized Development Worksheet, and Debt Management System;
- queried and reviewed debtors' earnings data from SSA's Master Earnings File; and
- requested and reviewed Title XVI folders from SSA's Wilkes-Barre Folder Servicing Operations.

We performed our audit work in Atlanta, Georgia; and Baltimore, Maryland, from September 2003 to November 2004. The electronic data used for this audit was sufficiently reliable to meet the objectives of our audit. The entities audited were the Offices of the Deputy Commissioner for Finance, Assessment and Management; the Deputy Commissioner for Operations; and the Deputy Commissioner for Disability and Income Security Programs. We conducted our audit in accordance with generally accepted government auditing standards.

Sampling Methodology and Results

Sampling Methodology

In total, we reviewed 250 randomly selected overpayment suspension decisions from Fiscal Year (FY) 2002 that remained in suspended status as of October 2, 2003. Our review consisted of two samples—one including 175 randomly selected suspension decisions greater than \$3,000 in which the Social Security Administration (SSA) concluded the debtor was *unable or unwilling to pay* and another including 75 randomly selected overpayment suspensions over \$3,000 in which the debtor was *unable to be located or out of the country*. We selected both of the samples from data queried from segment seven of the Supplemental Security Record (SSR). The universe for the *unable or unwilling to pay* and the *unable to locate or out of the country* suspension decisions was 795 and 143, respectively. The SSR is divided into 20 segments based on the last two digits of the beneficiaries' Social Security numbers. SSA has concluded the results determined from any one segment are representative of the entire 20 segments contained in the SSR.

Our audit tested more than one control attribute for each suspension decision. For example, we determined whether each decision was (1) adequately documented to evidence the reasoning/justification for the suspension and (2) approved by the appropriate level of management. As a result, some suspensions have more than one reportable issue and are included in one or more of the Sampling Results sections below. However, when estimating the overall number of suspension decisions with errors, we counted only one error for each case.

Supplemental Security Record - Segment 7 Data

Suspension Decision	Total Number of Suspensions	Total Dollars	Number of Suspensions equal to or greater than \$3,000	Percent of Suspensions equal to or greater than \$3,000	Dollars of Suspensions equal to or greater than \$3,000	Percent of Suspensions equal to or greater than \$3,000
Unable or unwilling to pay	4,947	\$9,038,032	795	16%	\$5,950,573	66%
Unable to locate/out of the country	760	\$1,513,636	143	19%	\$1,075,754	71%

Population and Sample Selection

Suspension Decision	Population of Suspensions Decisions	Population Dollars	Sample Size	Sample Dollars
Unable or unwilling to pay	795	\$5,950,573	175	\$1,383,735
Unable to locate/out of the country	143	\$1,075,754	75	\$598,812

Sampling Results

Overall Results – Suspension Decisions in which At Least One Attribute Did Not Comply with SSA's Policies and Procedures

Total Estimated Suspension Decisions – At Least One Attribute Did Not Comply with SSA's Policies and Procedures			
Suspension Decision	Non-Compliant Suspension Decisions	Estimate to Universe (Decisions)	Estimate to Universe (Dollars)
Unable or unwilling to pay	110	10,000	\$71,811,520
Unable to locate/out of the country	54	2,060	\$15,682,340
Total	164	12,060	\$87,493,860

Unable or Unwilling to Pay Overpayment Suspension Decisions		
	Decisions	Dollars
Total Segment Population	795	\$5,950,573
Sample Size	175	\$1,383,735
Suspension Decisions in which at Least One Attribute Did Not Comply with Policies and Procedures	110	\$834,911
Percentage of Sample	62.86%	60.34%
Estimate to Population	500	\$3,590,576
Estimate to the Universe (20 Segments)	10,000	\$71,811,520

Unable to Locate or Out of the Country Overpayment Suspension Decisions		
	Decisions	Dollars
Total Segment Population	143	\$1,075,754
Sample Size	75	\$598,812
Suspension Decisions in which at Least One Attribute Did Not Comply with Policies and Procedures	54	\$436,481
Percentage of Sample	72.00%	72.89%
Estimate to Population	103	\$784,117
Estimate to the Universe (20 Segments)	2,060	\$15,682,340

SSA Did Not Always Maintain Documentation of Its Development of and Justification for Suspending Collection Efforts

Total Estimated Suspension Decisions – SSA's Collection Efforts Did Not Document the Justification for Suspending Collection Efforts			
Suspension Decision	Un-Documented Suspension Decisions	Estimate to Universe (Decisions)	Estimate to Universe (Dollars)
Unable or unwilling to pay	105	9,540	\$69,716,920
Unable to locate/out of the country	24	920	6,043,580
Total	129	10,460	\$75,760,500

Unable or Unwilling to Pay Overpayment Suspension Decisions		
	Decisions	Dollars
Total Segment Population	795	\$5,950,573
Sample Size	175	\$1,383,735
Suspension Decisions Not Documented	105	\$810,654
Percentage of Sample	60.00%	58.58%
Estimate to Population	477	\$3,485,846
Estimate to the Universe (20 Segments)	9,540	\$69,716,920

Unable to Locate or Out of the Country Overpayment Suspension Decisions

	Decisions	Dollars
Total Segment Population	143	\$1,075,754
Sample Size	75	\$598,812
Suspension Decisions Not Documented	24	\$168,233
Percentage of Sample	32.00%	28.09%
Estimate to Population	46	\$302,179
Estimate to the Universe (20 Segments)	920	\$6,043,580

SSA Did Not Always Maintain Documentation of Management Review of Suspension Decisions as Required

Total Estimated Suspension Decisions – SSA Management Did Not Document Their Review

Suspension Decision	Unsupported Suspension Decisions	Estimate to Universe (Decisions)	Estimate to Universe (Dollars)
Unable or unwilling to pay	81	7,360	\$53,781,280
Unable to locate/out of the country	48	1,840	13,937,460
Total	129	9,200	\$67,718,740

Unable or Unwilling to Pay Overpayment Suspension Decisions

	Decisions	Dollars
Total Segment Population	795	\$5,950,573
Sample Size	175	\$1,383,735
Suspension Decisions that Lacked Evidence of a Management Review	81	\$625,312
Percentage of Sample	46.29%	45.19%
Estimate to Population	368	\$2,689,064
Estimate to the Universe (20 Segments)	7,360	\$53,781,280

Unable to Locate or Out of the Country Overpayment Suspension Decisions		
	Decisions	Dollars
Total Segment Population	143	\$1,075,754
Sample Size	75	\$598,812
Suspension Decisions that Lacked Evidence of a Management Review	48	\$387,883
Percentage of Sample	64.00%	64.78%
Estimate to Population	92	\$696,873
Estimate to the Universe (20 Segments)	1,840	\$13,937,460

SSA Personnel Suspended Overpayments when Debtors or Representative Payees had Earnings

Unable or Unwilling to Pay Overpayment Suspension Decisions		
	Decisions	Dollars
Total Segment Population	795	\$5,950,573
Sample Size	175	\$1,383,735
Suspensions when Debtors or Representative Payees had Earnings	32	\$240,303
Percentage of Sample	18.29%	17.37%
Estimate to Population	145	\$1,033,615
Estimate to the Universe (20 Segments)	2,900	\$20,672,300

More Thorough Collection Efforts May Have Located Debtors

Unable to Locate or Out of the Country Overpayment Suspension Decisions		
	Decisions	Dollars
Total Segment Population	143	\$1,075,754
Sample Size	75	\$598,812
Suspensions When Debtor or Representative Payee Could Have Been Located Through Their Employer	14	\$88,980
Percentage of Sample	18.67%	14.86%
Estimate to Population	27	\$159,857
Estimate to the Universe (20 Segments)	540	\$3,197,140

Agency Comments



SOCIAL SECURITY

MEMORANDUM

33246-24-1140

Date: March 9, 2005

Refer To: S1J-3

To: Patrick P. O'Carroll
Inspector General

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

Subject: Office of Inspector General (OIG) Draft Report, "The Social Security Administration's Controls over the Suspension of Title XVI Overpayment Collection Efforts" (A-04-04-24029)--
INFORMATION

We appreciate OIG's efforts in conducting this review. Our comments to the recommendations are attached.

Please let us know if we can be of further assistance. Staff questions may be referred to Candace Skurnik on extension 54636.

Attachment:
SSA Response

COMMENTS ON THE OFFICE OF THE INSPECTOR GENERAL (OIG) DRAFT REPORT, “REVIEW OF THE SOCIAL SECURITY ADMINISTRATION’S CONTROLS OVER SUSPENDING COLLECTION EFFORTS ON TITLE XVI OVERPAYMENTS” (A-04-04-24029)

Thank you for the opportunity to review and comment on the draft report. It is the Agency's responsibility to be diligent in protecting both the rights of our recipients and our resources. It is imperative that all possible overpayment recovery actions be properly pursued and developed. In addition, properly documented overpayment actions must consistently follow Agency guidelines to ensure the integrity of the Supplemental Security Income (SSI) program.

SSA has made progress in its efforts to enhance debt management procedures. We have embarked on several initiatives and developed software enhancements directed specifically at increasing debt collection on existing overpayments. For example, the Administrative Wage Garnishment (AWG) procedure, which allows SSA to garnish (without a court order) a portion of the wages of a debtor who is no longer in current benefit status to recover an overpayment, went into effect December 2004. AWG is accomplished via an interface with current employment records. Additionally, the recent amendment of the Cross Program Recovery provision of the Social Security Act expands the authority to recover any Title XVI overpayment from any benefits payable under Title II or Title VIII. The first phase of these provisions was implemented in January 2005.

Recommendation 1

Issue a reminder and, if necessary, further guidance to SSA debt collection staff requiring that they fully develop and document overpayment suspension decisions, as required by SSA policy.

Comment

We agree. We will issue a reminder to debt collection staff. We will also, on an ongoing basis, review the Program Operations Manual System (POMS) instructions to ensure that any appropriate revisions to the development and recording of documentation of suspension actions are complete, along with training the collection staff on the correct procedures.

Recommendation 2

Instruct Debt Management and Field Office supervisors to periodically review overpayment suspension decisions to ensure staff complies with SSA requirements.

Comment

We agree. In April 2004, we implemented a process that requires all Title XVI overpayment decisions in excess of \$2,000 to have a quality review by a supervisor. The input to effectuate the decision requires both the (Personal Identification Number) PIN of the decision maker and the PIN of the supervisor.

Recommendation 3

Ensure all overpayment suspension decisions exceeding established thresholds are reviewed and approved by appropriate SSA management officials, as required by SSA policy.

Comment

We agree. In April 2004, we implemented procedures that require management review at the \$2,000 threshold and regional office review at the \$20,000 threshold. The input to effectuate the decision at these two thresholds requires both the PIN of the decision maker and the PIN of the supervisor or manager. An alert is generated notifying the initial decision maker of the required review prior to effectuating the decision.

Recommendation 4

Periodically match debtors' and representative payees' earnings to suspended overpayment decisions to identify instances in which some repayment of the debt is possible.

Comment

We agree. In December 2004, SSA implemented AWG, which allows us to add wage garnishment to the debt collection tools already in use for all debts established in the Recovery and Collection of Overpayment Process (RECOOP). Through AWG, we identify a debtor's wages in attempting to recover a debt, including debts where SSA suspended collection action. If a debtor qualifies for AWG, SSA will send information to the debtor's employer to collect the debt through wage garnishment. Regarding representative payees (Rep Payees), we will be able to recover Title XVI debts from Rep Payees in a future software release under the Non-Entitled Debtors (NeD) project. The NeD project will support the use of existing collection methods to collect debts from Rep Payees, including a Rep Payee wage match for the application of AWG, against their wages. Release 1 of the NeD project is underway and will be designed to recover Title II debts from Rep Payees for deceased beneficiaries. Implementation dates have not yet been established for the future NeD release that will support recovery of Title XVI debts from Rep Payees.

In addition, we are currently conducting a study that focuses our debt collection efforts on debtors who have evidence of earnings. At the conclusion of the study we will evaluate the findings to determine if this methodology supports a change in prioritizing pursuit of specific debtors.

Recommendation 5

Consider clarifying existing guidance and/or issuing further guidance allowing the collection of overpayments from a representative payee who is a parent of a minor child/beneficiary.

Comment

We agree. Under the support of the NeD project this issue will be addressed. NeD will enable the Agency to control various types of debtors who have never been entitled to Social Security benefits and thus have no master record, which is required for debt collection in SSA's current systems environment. The database will house all debts including representative payees. Debts established in NeD will be subject to all available debt collection tools. This data base is being implemented in phases beginning in November 2005.

Recommendation 6

Take action to collect a \$12,108 overpayment from a current employee.

Comment

We agree. SSA has taken all appropriate, authorized action to collect the debt. We have successfully contacted the employee and currently the individual is active in the Treasury Offset Program, which can collect the debt from tax refunds or other Federal payments (excluding Federal salary). We will continue to monitor this situation.

Additionally, SSA is currently developing regulations on Federal Salary Offset (FSO). When these regulations become effective, we will have the authority to use FSO through Department of the Treasury's program to collect delinquent program overpayment debts owed by any Federal employee.

Appendix E

OIG Contacts and Staff Acknowledgments

OIG Contacts

Kimberly A. Byrd, Director, Southern Audit Division (205) 801-1605

Frank Nagy, Audit Manager (404) 562-5552

Acknowledgments

In addition to those named above:

Catherine Burnside, Senior Auditor

Valerie Ledbetter, Auditor

Phillip Krieger, Auditor

Shane Henley, Auditor

Kimberly Beauchamp, Writer-Editor

For additional copies of this report, please visit our web site at www.ssa.gov/oig or contact the Office of the Inspector General's Public Affairs Specialist at (410) 965-3218. Refer to Common Identification Number A-04-04-24029.

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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.

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