
**OFFICE OF
THE INSPECTOR GENERAL**

SOCIAL SECURITY ADMINISTRATION

**FOLLOW-UP: CONTROLS OVER
RECORDING SUPPLEMENTAL SECURITY
INCOME OVERPAYMENTS**

August 2009 A-01-09-19126

AUDIT REPORT



Mission

By conducting independent and objective audits, evaluations and investigations, we inspire public confidence in the integrity and security of SSA's programs and operations and protect them against fraud, waste and abuse. We provide timely, useful and reliable information and advice to Administration officials, 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

We strive for continual improvement in SSA's programs, operations and management by proactively seeking new ways to prevent and deter fraud, waste and abuse. We commit to integrity and excellence by supporting an environment that provides a valuable public service while encouraging employee development and retention and fostering diversity and innovation.



SOCIAL SECURITY

MEMORANDUM

Date: August 25, 2009

Refer To:

To: The Commissioner

From: Inspector General

Subject: Follow-up: Controls over Recording Supplemental Security Income Overpayments
(A-01-09-19126)

OBJECTIVE

Our objective was to ensure overpayments on closed Supplemental Security Income (SSI) records were brought forward to current records for recovery.

BACKGROUND

SSI is a nation-wide, Federal cash assistance program administered by SSA that provides a minimum level of income to financially needy individuals who are aged, blind or disabled.¹

An SSI overpayment is the total amount an individual received for any period that exceeded the total amount that should have been paid for that period.² Failure to transfer an overpayment on a closed record to the current record results in a lost opportunity to recover the overpayment. Adjustment of ongoing payments is the most effective method of overpayment recovery. SSA field offices are ultimately responsible for recognizing the need to transfer an overpayment from a closed record to the latest record. Once the correct amount of the overpayment to be transferred is determined, the terminated record must be balanced and closed out. Subsequently, the overpayment information must be posted to the latest record.³

¹ The Social Security Act § 1601 et seq., 42 U.S.C. § 1381 et seq., 20 C.F.R. § 416.110.

² 20 C.F.R. § 416.537; SSA, Program Operations Manual System (POMS) GN 02201.001.

³ SSA, POMS SI 02220.011.

In response to internal control weaknesses related to overpayments, SSA implemented the Debt Recovery Program in 2000, which was designed to transfer outstanding overpayments to current records. Additionally, this Program was to augment a limitation with the Agency's already established overpayment reconciliation process.⁴

Our 2001 audit⁵ found that SSA's internal controls did not ensure that all SSI overpayments on closed records were identified and pursued for collection from current payments. Based on our statistical sample, we estimated that, as of February 2000, \$93.5 million in overpayments should have been transferred to 35,138 recipients' current records.

SSA agreed with the following recommendations

1. Continue to periodically run the Debt Recovery Program to ensure that prior overpayments on closed records are identified and pursued for collection.
2. Pursue collection of the 17,675 overpayments we identified, which do not meet the criteria for selection by the Debt Recovery Program.
3. Review the 20,519 overpayments we identified that meet the criteria for being moved forward by the Debt Recovery Program and ensure that these outstanding overpayments were transferred to new Supplemental Security Records (SSR).

To perform our follow-up review, we identified 3,705 individuals with overpayments on prior SSRs that were not carried forward to new SSRs. We then randomly selected 200 cases from this population for detailed analysis. For cases where we believed overpayments were not forwarded to their latest records, we requested that SSA's Office of Operations verify the outstanding overpayments and correct the record as necessary. (See Appendix B for more information on our scope, methodology and sample results.)

RESULTS OF REVIEW

During our follow-up review, we found a significant decrease in the number of cases with overpayments not forwarded to the latest SSR, as compared to the number of cases found during our audit from 2001. More specifically, in the current audit, we identified a population of 3,705 SSI recipients versus 38,194 from the prior audit, which represents a decrease of around 90 percent.

⁴ The overpayment reconciliation process previously established by SSA is called Terminated Record Balancing and Debt Transfer (TREBDET).

⁵ SSA, Office of the Inspector General, *Controls Over Recording Supplemental Security Income Overpayments* (A-01-00-10005), May 2001.

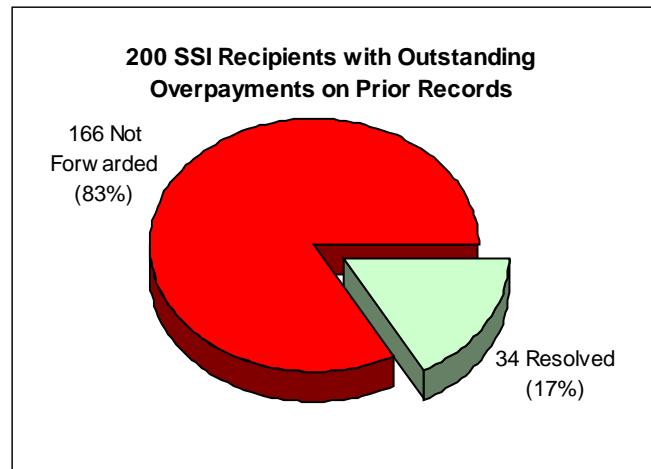
Table 1 further illustrates this decrease between our current and prior audits.

Table 1: Comparison Between Current and Prior Audits			
	Current Audit	Prior Audit	Change
Case Data Retrieval Date	January 2008	February 2000	8 years
Population	3,705	38,194	90%
Projected Number of Cases Where Overpayments Not Forwarded to Current SSR	3,075	35,138	91%
Projected Amount of Overpayments Not Forwarded to Current SSR	\$9.4 million	\$93.5 million	90%

Based on the results of our sample, we estimate that approximately \$9.4 million in overpayments should have been transferred to 3,075 recipients' current SSRs, as of June 2009.

Of the 200 cases in our sample,

- 166 (83 percent) had approximately \$507,400 in outstanding overpayments not carried forward from previous SSRs, and
- 34 (17 percent) were resolved with no prior outstanding overpayments.



On average, the SSI recipients in our sample had about \$3,050 in outstanding overpayments.⁶

SSI RECIPIENTS WITH OUTSTANDING OVERPAYMENTS NOT FORWARDED

SSA has automated programs in place to identify and reconcile overpayments from prior SSRs; however, manual intervention is sometimes necessary to properly bring forward outstanding overpayments.⁷ For some of the cases in our sample, overpayments that were not brought forward to the current SSRs were attributed to manual error.⁸

⁶ The median outstanding overpayment amount from our sample is approximately \$2,083.

⁷ Automated programs include the Debt Recovery Program and TREBDET.

⁸ Of the 166 cases with errors, 40 (24 percent) were attributed to manual error, 7 (4 percent) were attributed to system error and the remaining 119 (72 percent) were attributed to undetermined reasons.

For example, an SSI recipient had an outstanding overpayment of approximately \$1,800 for the period November 2006 through February 2007. SSA assessed this overpayment in August 2007. A new SSR was created several days later in August 2007. However, the overpayment was not forwarded to the new SSR because of an oversight by the SSA field office that processed the case. As of June 2009, the recipient was in current pay status, and had SSA invoked recovery of the overpayment when it was assessed, the Agency could have recovered about \$975 since that time.⁹

To determine whether recovery of the overpayments in our sample was possible, we retrieved the current pay status for all 166 recipients who had outstanding overpayments not forwarded from prior records. The breakout by status for these cases, as of June 2009, is depicted in Table 2.

Table 2: Status of Cases with Outstanding Overpayments Not Forwarded from Prior SSRs as of June 2009			
Status	Number of Cases	Allocation	Approximate Amount of Recoverable Overpayments
Current Pay	145	87%	\$437,000
Non-Pay/Suspended	14	9%	47,600
Deceased	7	4%	22,800
Total	166	100%	\$507,400

The information in Table 2 indicates that recovery of the overpayment is possible for 145 cases, or 87 percent, since those individuals are in current pay status and likely able to repay their respective overpayment amounts (as opposed to someone who is in non-pay or suspended status).

SSI RECIPIENTS WITH RESOLVED OVERPAYMENTS

While analyzing the data we pulled for our sample of 200 cases, we confirmed that the overpayments on 34 of the cases were erroneously calculated or properly reconciled and recovered by SSA in some manner.

For example, a recipient had approximately \$2,100 in outstanding overpayments not forwarded from the prior SSR. The representative payee previously assigned to the SSI

⁹ Pursuant to the Social Security Act § 1631(b)(1)(B), 42 U.S.C. § 1383(b)(1)(B), see also 20 C.F.R. § 416.571, the rate of adjustment of payment to recover SSI overpayments is the lesser of (a) 10 percent of the recipient's total monthly income or (b) the recipient's entire monthly benefit.

recipient was liable for the overpayment. Subsequently, the overpayment was transferred to the representative payee's own SSR for recovery efforts.¹⁰

CONCLUSION AND RECOMMENDATION

Although we estimate that approximately \$9.4 million in overpayments were not forwarded to new SSRs for about 3,075 recipients, SSA has made improvements in properly forwarding overpayments. These improvements are evidenced by the significant decrease in the number of overpayments not brought forward to current SSRs since our prior audit.

We recommend that SSA review the remaining cases we identified that meet the criteria for being moved forward and ensure these outstanding overpayments are transferred to new SSRs.

AGENCY COMMENTS

SSA agreed with the recommendation. See Appendix C.



Patrick P. O'Carroll, Jr.

¹⁰ A representative payee is a third party appointed by SSA who receives payment on behalf of a beneficiary who is incapable of managing or directing someone else to manage his or her funds.

Appendices

APPENDIX A – Acronyms

APPENDIX B – Scope, Methodology and Sample Results

APPENDIX C – Agency Comments

APPENDIX D – OIG Contacts and Staff Acknowledgments

Appendix A

Acronyms

C.F.R.	Code of Federal Regulations
POMS	Program Operations Manual System
SSA	Social Security Administration
SSI	Supplemental Security Income
SSR	Supplemental Security Record
TREBDET	Terminated Record Balancing and Debt Transfer
U.S.C.	United States Code

Scope, Methodology and Sample Results

To accomplish our objective, we:

- Reviewed applicable sections of the *Social Security Act* and the Social Security Administration's (SSA) regulations, rules, policies and procedures.
- Reviewed prior Office of the Inspector General reports.
- Identified 3,705 individuals who (1) were receiving benefits as of January 2008 with overpayments on prior Supplemental Security Records (SSR) that were not carried forward to new SSRs, (2) had an overpayment decision date of January 1, 2001 or later, and (3) had a total outstanding overpayment amount of \$500 or greater.
- Randomly selected 200 cases from this population for detailed analysis.
- Confirmed with SSA's Office of Operations that the overpayments were valid and should have been brought forward to the current record.

We performed our audit between January and June 2009 in Boston, Massachusetts. We found the data used for this audit were sufficiently reliable to meet our audit objective. The entities audited were SSA's field offices under the Deputy Commissioner for Operations and the Office of Applications and Supplemental and Security Income Systems under the Deputy Commissioner for Systems.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

SAMPLE RESULTS

Table B-1: Population and Sample Size		Number of SSI Overpayments
Population		3,705
Sample Size		200

Table B-2: SSI Overpayments Not Carried Forward to Current Record	Number of SSI Overpayments	Dollars
Sample Results	166	\$507,363
Point Estimate	3,075	\$9,398,893
Projection Lower Limit	2,896	\$8,163,962
Projection Upper Limit	3,227	\$10,633,825

Note: All projections are at the 90-percent confidence level.

Appendix C

Agency Comments



SOCIAL SECURITY

MEMORANDUM

Date: August 14, 2009 **Refer To:** S1J-3

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

From: Margaret J. Tittel /s/
Acting Chief of Staff

Subject: Office of the Inspector General (OIG) Draft Report, "Follow-up: Controls over Recording Supplemental Security Income Overpayments" (A-01-09-19126)—INFORMATION

Thank you for the opportunity to review and comment on the draft report. We appreciate OIG's efforts in conducting this review. Attached is our response to the report recommendation.

Please let me know if we can be of further assistance. Please direct staff inquiries to Ms. Candace Skurnik, Director, Audit Management and Liaison Staff, at (410) 965-4636.

Attachment

**COMMENTS ON THE OFFICE OF THE INSPECTOR GENERAL'S DRAFT REPORT,
"FOLLOW-UP: CONTROLS OVER RECORDING SUPPLEMENTAL SECURITY
INCOME OVERPAYMENTS" (A-01-09-19126)**

Our response to your specific recommendation is as follows.

Recommendation 1

Review the remaining cases we identified that meet the criteria for being moved forward and ensure that these outstanding overpayments are transferred to new Supplemental Security Records.

Comment

We agree. We will review the remaining cases as resources allow. We expect to complete our review and the necessary corrective actions by the end of December 2009.

Appendix D

OIG Contacts and Staff Acknowledgments

OIG Contacts

Judith Oliveira, Director, Boston Audit Division

David Mazzola, Audit Manager

Acknowledgments

In addition to those named above:

Chad Burns, Auditor

Kevin Joyce, IT Specialist

For additional copies of this report, please visit our web site at
www.socialsecurity.gov/oig or contact the Office of the Inspector General's Public Affairs Staff Assistant at (410) 965-4518. Refer to Common Identification Number A-01-09-19126.

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The Office of the Inspector General (OIG) is comprised of an Office of Audit (OA), Office of Investigations (OI), Office of the Counsel to the Inspector General (OCIG), Office of External Relations (OER), and Office of Technology and Resource Management (OTRM). To ensure compliance with policies and procedures, internal controls, and professional standards, the OIG also has a comprehensive Professional Responsibility and Quality Assurance program.

Office of Audit

OA conducts 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 reviews and program evaluations on issues of concern to SSA, Congress, and the general public.

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