

Audit Report

The Social Security Administration's
Reporting of High-dollar
Overpayments in Fiscal Year 2020
Under Executive Order 13520

OIG

Office of the Inspector General
SOCIAL SECURITY ADMINISTRATION

MEMORANDUM

Date: December 8, 2020 **Refer To:**

To: The Commissioner

From: Inspector General

Subject: The Social Security Administration's Reporting of High-dollar Overpayments in Fiscal Year 2020 Under Executive Order 13520 (A-15-19-50846)

The attached final report presents the results of the Office of Audit's review. The objective was to determine whether the Social Security Administration complied with all requirements of Executive Order 13520, *Reducing Improper Payments*.

If you wish to discuss the final report, please call me or have your staff contact Michelle L. Anderson, Assistant Inspector General for Audit, at 410-965-9700.



Gail S. Ennis

Attachment

The Social Security Administration's Reporting of High-dollar Overpayments in Fiscal Year 2020 Under Executive Order 13520

A-15-19-50846



December 2020

Office of Audit Report Summary

Objective

To determine whether the Social Security Administration (SSA) complied with all requirements of Executive Order 13520, *Reducing Improper Payments*.

Background

As part of Executive Order 13520, each agency head is required to submit a quarterly report on high-dollar overpayments identified by the agency. The report should describe any actions the agency has taken, or plans to take, to recover high-dollar overpayments as well as any actions the agency intends to take to prevent overpayments in the future.

To determine the payment accuracy and entitlement/eligibility of benefit payments made during a sample period, SSA conducts stewardship reviews, which examine factors in SSA's programs. Since 2010, SSA has used these reviews, with Office of Management and Budget approval, to determine whether there are reportable quarterly high-dollar overpayments.

We reviewed the Agency Head Quarterly High-dollar Overpayment Reports to the Office of the Inspector General, as required by Executive Order 13520, for Fiscal Year 2020.

Conclusions

SSA complied with all requirements of Executive Order 13520. Using the methodology approved by the Office of Management and Budget, SSA did not detect any overpayments that met the Executive Order's criteria.

In Fiscal Year 2020, the number of completed stewardship reviews decreased because of delays due to COVID-19. SSA will evaluate the statistical significance of this reduction once the Fiscal Year 2020 stewardship cases are closed after January 31, 2021.

Recommendations and Agency Comments

We are not making any recommendations since SSA complied with all requirements and, based on its stewardship review, did not detect any overpayments that met the Executive Order's criteria. SSA reviewed the draft report and had no comments.

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ABBREVIATIONS

Fed. Reg.	Federal Register
FY	Fiscal Year
OAI	Office of Analytics and Improvement
OARO	Office of Analytics, Review, and Oversight
OASDI	Old-Age, Survivors and Disability Insurance
OIG	Office of the Inspector General
OMB	Office of Management and Budget
Pub. L. No.	Public Law Number
SSA	Social Security Administration
SSI	Supplemental Security Income

OBJECTIVE

Our objective was to determine whether the Social Security Administration (SSA) complied with all requirements of Executive Order 13520, *Reducing Improper Payments*.

BACKGROUND

When the Government makes payments to individuals and businesses, such as program beneficiaries, grantees, or contractors, or on behalf of program beneficiaries, it must make every effort to confirm the right recipient is receiving the correct payment. On November 20, 2009, the President issued Executive Order 13520 “... to reduce improper payments by intensifying efforts to eliminate payment error, waste, fraud, and abuse in the major programs administered by the Federal Government, while continuing to ensure that Federal programs serve and provide access to their intended beneficiaries.”¹

As part of the Executive Order, each agency head is required to submit to the agency’s Office of the Inspector General (OIG) and the Council of Inspectors General on Integrity and Efficiency a quarterly report on high-dollar overpayments identified by the agency, subject to Federal privacy policies and to the extent permitted by law.² The report should describe any actions the agency has taken, or plans to take, to recover high-dollar overpayments as well as any actions the agency intends to take to prevent future overpayments.³ According to Office of Management and

¹ Reducing Improper Payments, Executive Order 13520, 74 Fed. Reg. 62,201, p. 62,201 (November 25, 2009).

² The *Payment Integrity Information Act of 2019*, Pub. L. No. 116-117, 134 Stat. 1134 repealed and replaced the *Improper Payments Information Act of 2002*, Pub. L. No. 107-300, 116 Stat. 2350, *Improper Payments Elimination and Recovery Act of 2010*, Pub. L. No. 111-204, 124 Stat. 2224, and *Improper Payments Elimination and Recovery Improvement Act of 2012*, Pub. L. No. 112-248, 126 Stat. 2390. It did not repeal Executive Order 13520, which requires that agencies submit reports on high-dollar overpayments. SSA has conducted risk assessments on each program to identify which are susceptible to significant overpayments and concluded that such non-program administrative payments as payroll, benefits, vendor payments, and travel are not susceptible to significant improper payments. Therefore, SSA’s high-dollar reporting only focuses on benefit payments.

³ Reducing Improper Payments, Executive Order 13520, 74 Fed. Reg. 62,201, p. 62,203 (November 25, 2009).

Budget (OMB) guidance,⁴ a high-dollar overpayment exceeds 50 percent of the correct amount of the intended payment where the total payment to an

1. individual exceeds \$25,000 as a single payment or in cumulative payments for the quarter or
2. entity exceeds \$100,000 as a single payment or in cumulative payments for the quarter.⁵

To determine the payment accuracy and entitlement/eligibility of benefit payments made during a sample period, SSA's Office of Analytics, Review, and Oversight (OARO) conducts stewardship reviews. These stewardship reviews examine the non-medical eligibility factors in the Old-Age, Survivors and Disability Insurance (OASDI) and Supplemental Security Income (SSI) programs. Each month, OARO selects a statistically valid sample of beneficiaries who received one or more payments during the review period. For each case selected, an OARO employee interviews the beneficiary or representative payee; makes other contacts, as needed; and re-develops all non-medical factors of entitlement as of the sample month. Since 2010, SSA has used these reviews, with OMB's approval, to determine whether there are reportable quarterly high-dollar overpayments.⁶

SSA issued its four high-dollar reports to the OIG on January 23, April 15, July 13, and October 9, 2020 for the quarters ended December 31, 2019 and March 31, June 30, and September 30, 2020, respectively. Based on its sample of annual payment accuracy reviews from a representative sample of OASDI and SSI payment cases, the Agency did not report any instances that met the definition of a high-dollar overpayment for Fiscal Year (FY) 2020. We reviewed these reports to ensure SSA met the requirements of Executive Order 13520. Refer to Appendix A for our scope and methodology.

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

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

⁶ For further information on the Agency's stewardship reviews and payment accuracy rates, refer to our previous reviews: SSA, OIG, *The Social Security Administration's Reporting of High-Dollar Overpayments Under Executive Order 13520*, A-15-10-21142, (December 2010); *The Social Security Administration's Reporting of High-dollar Overpayments Under Executive Order 13520 in Fiscal Year 2011*, A-15-11-01140, (December 2011); and *The Social Security Administration's Reporting of High-dollar Overpayments Under Executive Order 13520 in Fiscal Year 2012*, A-15-13-13068, (December 2012).

RESULTS OF REVIEW

SSA complied with all requirements of Executive Order 13520. In addition, using the methodology approved by OMB, SSA did not detect any overpayments that met the Executive Order's criteria.

The Social Security Administration's Methodology for Identifying High-dollar Overpayments

After each quarter of FY 2020, the Agency provided us information on its stewardship reviews. We selected a random sample of 50 cases to review and ensured the documentation matched the data in the Electronic Quality Assurance system.⁷ In our review of the December 2019 and March, June, and September 2020 quarters, we did not note any instances where the documentation the Agency provided did not match the data in the Electronic Quality Assurance system or cases that SSA should have reported under high-dollar criteria.

In FY 2020, we noted the number of completed stewardship reviews had decreased since FY 2019. In response to our inquiry about the reduction and whether the Agency considered it statistically significant, SSA stated,

The reduction in the [stewardship review] completions stems from difficulties and delays we are experiencing in obtaining the required quality review development due to office closures, limited mail access and collateral contacts impacted by the COVID19 situation We are still actively working these cases to attempt to fully complete them as our end of year goal date for completing the [FY 2020] cases (January 31st) has not yet expired. The statistical significance calculations on the rates are not performed until the end of the year when all the cases are completed and the projected weights are produced. We have consulted with our partners in the Office of Analytics and Improvement (OAI), and based on their recommendation we did increase our samples to help mitigate the impact of potential increases in exclusions for [FY 2020]. We are continuing to monitor the case completions and exclusions rates and will reassess with OAI as the end of year deadline approaches.

⁷ The Electronic Quality Assurance system is a standardized Web-enabled application for SSA's quality assurance programs. This system selects samples for mandated studies and allows reviewers to store the results of sampled cases and report the results to other monitoring authorities.

Executive Order Requirements the Agency Addressed

During the review period, SSA met OMB's guidance for implementing requirements of Executive Order 13520.⁸ Specifically, SSA included all required information in its reports and posted information related to the high-dollar overpayments on the Agency's Website.

Required Information Included in Reports

According to OMB's guidance, all agencies that have programs susceptible to significant improper payments under the *Improper Payments Information Act of 2002*, as amended by *Improper Payments Elimination and Recovery Act of 2010*, *Improper Payments Elimination and Recovery Improvement Act of 2012*, and *Payment Integrity Information Act of 2019* are required to submit reports on high-dollar overpayments. At a minimum, the report should describe

1. the total amount of high-dollar overpayments made by the agency;
2. any actions the agency has taken, or plans to take, to recover high-dollar overpayments; and
3. any actions the agency will take to prevent future overpayments.⁹

OMB guidance also states that, for any given quarter, if an agency with programs susceptible to significant improper payments has had no high-dollar overpayments, it should inform OMB and the agency's OIG of that fact.¹⁰

Based on the methodology SSA used for the quarters ended December 31, 2019 and March 31, June 30, and September 30, 2020, the Agency did not report any high-dollar overpayments that met the Executive Order's criteria. The Agency submitted emails to OMB and the OIG on January 23, April 15, July 13, and October 9, 2020, stating that, based on the annual payment accuracy reviews from a representative sample of OASDI and SSI cases, no cases met the definition of a high-dollar overpayment. SSA timely submitted all four of these reports to OMB and the OIG.

⁸ OMB, *Requirements for Effective Estimation and Remediation of Improper Payments, Circular A-123, M-15-02*, Appendix C, part III, (2014).

⁹ OMB, *Requirements for Effective Estimation and Remediation of Improper Payments, Circular A-123, M-15-02*, Appendix C, part III, section D3, p. 52 (2014).

¹⁰ OMB, *Requirements for Effective Estimation and Remediation of Improper Payments, Circular A-123, M-15-02*, Appendix C, part III, section D4, p. 52 (2014).

Website Submission

According to OMB guidance, agencies may report high-dollar overpayment information to the public on their own Websites or through other mechanisms designed to allow the public access to agency information.¹¹ To ensure the public could view these reports, SSA updated its Website¹² with information related to high-dollar overpayments for the quarters ended December 2019 and March, June, and September 2020.

CONCLUSIONS

During the review period, SSA complied with all requirements of Executive Order 13520. Using the methodology approved by the Office of Management and Budget, SSA did not detect any overpayments that met the Executive Order's criteria.

In FY 2020, the number of completed stewardship reviews decreased because of delays due to COVID-19. SSA will evaluate the statistical significance of this reduction once the FY 2020 stewardship cases are closed after January 31, 2021.

We are not making any recommendations since SSA complied with all requirements and, based on its stewardship review, did not detect any overpayments that met the Executive Order's criteria.

AGENCY COMMENTS

SSA reviewed the draft report and had no comments. SSA's comments are in Appendix B.



Michelle L. Anderson
Assistant Inspector General for Audit

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

¹² Social Security Administration, *Reducing Improper Payments, High Dollar Improper Payments*, <https://www.ssa.gov/improperpayments/highDollar.html> (last visited October 19, 2020).

APPENDICES

Appendix A – SCOPE AND METHODOLOGY

To accomplish our objective, we:

- Reviewed the Agency Head Quarterly High-dollar Overpayment Reports issued pursuant to Executive Order 13520, *Reducing Improper Payments*, for the quarters ended December 2019 and March, June, and September 2020.
- Reviewed applicable Federal laws.
- Reviewed applicable Office of Management and Budget guidance.
- Reviewed the Fiscal Year 2019 Stewardship Review Reports for the Old-Age, Survivors and Disability Insurance and Supplemental Security Income programs.
- Analyzed the narrative of the Agency Head Quarterly High-dollar Overpayment reports to ensure compliance with all requirements of the Executive Order.
- Requested data from the Office of Analytics, Review, and Oversight to support the cases reviewed for the quarterly high-dollar overpayment reports.
- Analyzed the data to determine whether any cases met the criteria for being reported as a high-dollar overpayment.
- Traced a random sample of cases each quarter from the data the Agency provided to the Electronic Quality Assurance system to ensure the accuracy of the data.

We conducted our review from March through October 2020 in Baltimore, Maryland. We determined the computerized data used during our review were sufficiently reliable given our objective, and the intended use of the data should not lead to incorrect or unintentional conclusions.

We assessed the significance of internal controls necessary to satisfy the audit objective. This included an assessment of the five internal control components, including control environment, risk assessment, control activities, information and communication, and monitoring. In addition, we reviewed the principles of internal controls as associated with the audit objective. We identified the following two components and three principles as significant to the audit objective.

- Component 3: Control Activities
 - Principle 10: Design control activities
- Component 4: Information and Communication
 - Principle 14: Communicate Internally
 - Principle 15: Communicate Externally

The SSA entity audited was the Office of Budget, Finance, and Management. We conducted this audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

Appendix B – AGENCY COMMENTS



SOCIAL SECURITY

MEMORANDUM

Date: November 30, 2020 Refer To:

To: Gail S. Ennis
Inspector General

Stephanie Hall

From: Stephanie Hall
Chief of Staff

Subject: Office of the Inspector General Draft Report "The Social Security Administration's Reporting of High-dollar Overpayments in Fiscal Year 2020 Under Executive Order 13520" (A-15-19-50846) – INFORMATION

Thank you for the opportunity to review the draft report. We have no comments.

Please let me know if we can be of further assistance. You may direct staff inquiries to Trae Sommer at (410) 965-9102.

**Mission:**

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