

Evaluation Report

The Social Security Administration's
Reporting of High-dollar
Overpayments Under Executive
Order 13520 in Fiscal Year 2015

OIG

Office of the Inspector General
SOCIAL SECURITY ADMINISTRATION

MEMORANDUM

Date: December 29, 2015 **Refer To:**

To: The Commissioner

From: Inspector General

Subject: The Social Security Administration's Reporting of High-dollar Overpayments Under Executive Order 13520 in Fiscal Year 2015 (A-15-16-50067)

The attached final report presents the results of the Office of Audit's review. The objectives were to review the Agency Head Quarterly High-dollar Overpayment Report to the Office of the Inspector General, as required by Executive Order 13520, *Reducing Improper Payments and Eliminating Waste in Federal Programs*, for the quarters ended December 2014 and March, June, and September 2015. We also determined whether the (1) method used to identify high-dollar overpayments detected overpayments that met the Executive Order criteria and (2) Agency complied with all requirements of the Executive Order.

If you wish to discuss the final report, please call me or have your staff contact Rona Lawson, Deputy Assistant Inspector General for Audit, at (410) 965-9700.



Patrick P. O'Carroll, Jr.

Attachment

The Social Security Administration's Reporting of High-dollar Overpayments Under Executive Order 13520 in Fiscal Year 2015

A-15-16-50067



December 2015

Office of Audit Report Summary

Objective

To review the Agency Head Quarterly High-dollar Overpayment Report to the Office of the Inspector General, as required by Executive Order 13520, *Reducing Improper Payments and Eliminating Waste in Federal Programs*, for the quarters ended December 2014 and March, June, and September 2015. We also determined whether the (1) method used to identify high-dollar overpayments detected overpayments that met the Executive Order criteria and (2) Agency complied with all requirements of the Executive Order.

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 shall 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 from occurring in the future.

Findings

We reviewed reports on quarterly high-dollar overpayments for the quarters ended December 31, 2014, and March 31, June 30, and September 30, 2015. Additionally, we tested a sample of stewardship reviews each quarter to ensure the data the Agency provided matched the review results in the Electronic Quality Assurance system. We noted one instance from the June 2015 quarter where the total case dollars the Agency provided did not match the amount in the Electronic Quality Assurance system. Therefore, we expanded our sample and did not note additional discrepancies. Although we identified one discrepancy, we determined overall that the Agency had addressed all requirements of Executive Order 13520. SSA's methodology did not detect any overpayments that met the Executive Order's criteria.

Conclusions

We noted that, while the data obtained through the stewardship reviews provided adequate results for payment accuracy, it limited the proper analysis of cases as part of the reporting of high-dollar overpayments. SSA has stated, "... it is highly unlikely that the agency would identify improper overpayments to individuals, including via its stewardship reviews in [Supplemental Security Income] that would meet the criteria in the Executive Order's implementing guidance. . ." Although we presented these limitations to SSA in previous reviews, and it has acknowledged it is unlikely to identify high-dollar overpayments using the current methodology, SSA continues using the stewardship reviews to identify high-dollar overpayments based on Office of Management and Budget approval.

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ABBREVIATIONS

Fed. Reg.	Federal Register
FY	Fiscal Year
IPIA	<i>Improper Payments Information Act of 2002</i>
OASDI	Old-Age, Survivors and Disability Insurance
OBFQM	Office of Budget, Finance, Quality and Management
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
U.S.C.	United States Code

OBJECTIVE

Our objectives were to review the Agency Head Quarterly High-dollar Overpayment Report to the Office of the Inspector General (OIG), as required by Executive Order 13520, *Reducing Improper Payments and Eliminating Waste in Federal Programs*, for the quarters ended December 2014 and March, June, and September 2015. We also determined whether the (1) method used to identify high-dollar overpayments detected overpayments that met the Executive Order criteria and (2) Agency complied with all requirements of the Executive Order.

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 13520¹ “. . . 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.”²

As part of the Executive Order, each agency head is required to submit to the agency’s 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.³ The report shall 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.⁴ According to Office of Management and Budget (OMB) guidance,⁵ 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

¹ *Reducing Improper Payments and Eliminating Waste in Federal Programs*, 74 Fed. Reg. 62201 (November 25, 2009).

² Id. at Section 1.

³ All agencies with programs susceptible to significant overpayments under the *Improper Payments Information Act of 2002* (IPIA), Pub. L. No. 107-300, 116 Stat 2350 (November 26, 2002), codified at 31 U.S.C. § 3321 note, as amended by the *Improper Payments Elimination and Recovery Act of 2010*, Pub. L. No. 111-204, 124 Stat. 2224 (July 22, 2010) are required to submit reports on high-dollar overpayments. SSA has conducted risk assessments on each program to identify the programs susceptible to significant overpayments and concluded that administrative payments are not susceptible to significant improper payments. Therefore, the Agency’s high-dollar reporting only focuses on benefit payments.

⁴ *Reducing Improper Payments and Eliminating Waste in Federal Programs*, Section 3(f), 74 Fed. Reg. 62201, 62203 (November 25, 2009).

⁵ OMB Circular A-123, *Management’s Responsibility for Internal Control*, M-15-02, Appendix C, Part III, Section D1, p. 51, (October 20, 2014).

- entity exceeds \$100,000 as a single payment or in cumulative payments for the quarter.⁶

Stewardship Reviews

The Office of Budget, Finance, Quality and Management (OBFQM) conducts stewardship reviews to examine non-medical elements in the Old-Age, Survivors and Disability Insurance (OASDI) and Supplemental Security Income (SSI) programs related to the payment accuracy and entitlement/eligibility of benefit payments made during a sample period. OBFQM uses these reviews to determine whether there are any reportable quarterly high-dollar overpayments. For further information on the Agency's stewardship reviews and payment accuracy rates, refer to the background information in our previous reviews.⁷

The Social Security Administration (SSA) issued its four high-dollar reports to the OIG on January 28, April 21, July 30, and October 27, 2015 for the quarters ended December 31, 2014 and March 31, June 30, and September 30, 2015, 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) 2015.

RESULTS OF REVIEW

We reviewed reports on quarterly high-dollar overpayments for the quarters ended December 31, 2014, and March 31, June 30, and September 30, 2015 to ensure the Agency implemented a methodology for identifying high-dollar overpayments that detected overpayments and addressed all the Executive Order's requirements. In addition, we tested a sample of stewardship reviews each quarter to ensure the data the Agency provided matched the review results in the Electronic Quality Assurance system. We noted one instance from the June 2015 quarter where the total case dollars the Agency provided did not match the amount in the Electronic Quality Assurance system. According to the Agency, the amount was transposed after the results were copied from the system to the spreadsheet. Overall, we determined SSA's methodology for identifying high-dollar overpayments addressed all the Executive Order's requirements. SSA's methodology did not detect overpayments that met the Executive Order's criteria.

⁶ An entity is a non-individual or a Federal, State, and local government agency. *Id.* at note 16.

⁷ SSA OIG, *The Social Security Administration's Reporting of High-Dollar Overpayments Under Executive Order 13520* (A-15-10-21142), December 2010; SSA OIG, *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 SSA OIG, *The Social Security Administration's Reporting of High-dollar Overpayments Under Executive Order 13520 in Fiscal Year 2012* (A-15-13-13068), December 2012.

The Agency's Methodology for Identifying High-Dollar Overpayments

We reviewed the Agency's methodology for identifying high-dollar overpayments to determine whether it detected any overpayments that met the Executive Order's criteria. Specifically, we learned how the Agency used results from its stewardship reviews to identify high-dollar overpayments. We also obtained Agency support for its stewardship reviews, which we analyzed for each quarter. We noted that, although the stewardship reviews adequately determined payment accuracy, data obtained during those reviews limited the proper analysis of cases for the high-dollar overpayment reports. These stewardship review limitations were as follows.

1. The sample period OBFQM reviewed included only 1 month of payment data; therefore, the data reviewed for reporting on quarterly high-dollar overpayments usually did not include the total benefit payments and/or overpayments made to a beneficiary or recipient that occurred in the entire quarter.
2. The sample cases OBFQM reviewed during a given quarter may have included payments that related to prior quarters because it can take several months to review stewardship cases.

Although we presented these limitations to the Agency in previous reviews,⁸ SSA continues using the stewardship reviews to identify high-dollar overpayments based on OMB approval. For further information on these limitations, refer to our previous reviews.⁹

Each quarter, we receive support from the Agency for its stewardship reviews and select a random sample of 50 cases to review and ensure the support matches the data in the Electronic Quality Assurance system.¹⁰ During our testing of the sample cases for quarter ended June 2015, we noted the total case dollar amount from the Agency's support did not match the data reported in the Electronic Quality Assurance system for one case. Therefore, we tested an additional

⁸ SSA OIG, *The Social Security Administration's Reporting of High-Dollar Overpayments Under Executive Order 13520* (A-15-10-21142), December 2010; SSA OIG, *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 SSA OIG, *The Social Security Administration's Reporting of High-dollar Overpayments Under Executive Order 13520 in Fiscal Year 2012* (A-15-13-13068), December 2012.

⁹ SSA OIG, *The Social Security Administration's Reporting of High-Dollar Overpayments Under Executive Order 13520* (A-15-10-21142), December 2010; SSA OIG, *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 SSA OIG, *The Social Security Administration's Reporting of High-dollar Overpayments Under Executive Order 13520 in Fiscal Year 2012* (A-15-13-13068), December 2012.

¹⁰ 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 provides reviewers with the ability to store the results of sampled cases and report the results to other monitoring authorities.

28 sample cases, as required by the Financial Audit Manual,¹¹ and did not note any additional errors.

Requirements of Executive Order Addressed by the Agency

In October 2014, OMB issued guidance for implementing requirements of the Executive Order.¹² We reviewed the Agency Head Quarterly High-dollar Overpayment Reports for the quarters ended December 2014 and March, June, and September 2015 to ensure SSA addressed all the Executive Order's requirements.

Required Information Included in Reports

According to OMB's guidance, all agencies that have programs susceptible to significant improper payments under IPIA 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.¹³

Agencies with programs susceptible to significant improper payments under IPIA are required to report quarterly on high-dollar overpayments that occurred in those specific programs. The guidance also states that, for any given quarter, if an agency with programs susceptible to significant improper payments has had no high-dollar overpayments, the agency should inform OMB and the agency's OIG that the agency had no high-dollar overpayments in that quarter.¹⁴

Based on the methodology SSA used for the quarters ended December 31, 2014 and March 31, June 30, and September 30, 2015, SSA 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 28, April 21, July 30, and October 27, 2015, 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 the OIG and OMB.

¹¹ Government Accountability Office, Financial Audit Manual, Volume 1, Section 450, Sample Size, at p. 450-3, (July 2008).

¹² OMB Circular A-123, *Management's Responsibility for Internal Control, Requirements for Implementing Executive Order 13520*, Appendix C, Part III, (October 20, 2014).

¹³ Id. at Section D3, at p. 52.

¹⁴ Id. at Section D4, at p. 52.

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.¹⁵ On January 28, April 21, July 30, and October 27, 2015, SSA submitted emails to OMB and the OIG stating it had not identified any cases that met the definition of a high-dollar overpayment during each quarter. To ensure the public could view these reports, SSA updated its Website¹⁶ with information related to high-dollar overpayments for the quarters ended December 2014 and March, June, and September 2015.

CONCLUSIONS

We reviewed reports on quarterly high-dollar overpayments for the quarters ended December 31, 2014, and March 31, June 30, and September 30, 2015. Additionally, we tested a sample of stewardship reviews each quarter to ensure the data the Agency provided matched the review results in the Electronic Quality Assurance system. We noted one instance from the June 2015 quarter where the total case dollars provided by the Agency did not match the amount in the Electronic Quality Assurance system. Therefore, we expanded our sample and did not note additional discrepancies. Although we identified one discrepancy, overall we determined the Agency had addressed all requirements of Executive Order 13520. SSA's methodology did not detect any overpayments that met the Executive Order's criteria.

We noted that, while the data obtained through the stewardship reviews provided adequate results for payment accuracy, it limited the proper analysis of cases as part of the reporting of high-dollar overpayments. SSA has stated, "... it is highly unlikely that the agency would identify improper overpayments to individuals, including via its stewardship reviews in SSI that would meet the criteria in the Executive Order's implementing guidance. . ." Although we presented these limitations to SSA in previous reviews,¹⁷ and it has acknowledged that it is unlikely to identify high-dollar overpayments using the current methodology, SSA continues using the stewardship reviews to identify high-dollar overpayments based on OMB approval.

¹⁵ Id.

¹⁶ <http://www.ssa.gov/improperpayments/highDollar.html>.

¹⁷ SSA OIG, *The Social Security Administration's Reporting of High-Dollar Overpayments Under Executive Order 13520* (A-15-10-21142), December 2010; SSA OIG, *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 SSA OIG, *The Social Security Administration's Reporting of High-dollar Overpayments Under Executive Order 13520 in Fiscal Year 2012* (A-15-13-13068), December 2012.

AGENCY COMMENTS

SSA reviewed the draft report and provided technical comments, which we addressed.

A handwritten signature in black ink, appearing to read "Steven L. Schaeffer".

for

Steven L. Schaeffer, JD, CPA, CGFM, CGMA
Assistant Inspector General for Audit

APPENDICES

Appendix A – SCOPE AND METHODOLOGY

To accomplish our objectives, we:

- Reviewed the Agency Head Quarterly High-dollar Overpayment Reports issued pursuant to Executive Order 13520, *Reducing Improper Payments and Eliminating Waste in Federal Programs*, for the quarters ended December 2014 and March, June, and September 2015.
- Reviewed applicable Federal laws.
- Reviewed applicable Office of Management and Budget guidance.
- Reviewed the Fiscal Year 2014 Stewardship Review Reports for the Old-Age, Survivors and Disability Insurance and Supplemental Security Income programs.
- Requested data from the Office of Budget, Finance, Quality and Management to support the cases reviewed for the quarterly high-dollar overpayment reports.
- Analyzed the narrative of the Agency Head Quarterly High-Dollar Overpayment reports to ensure compliance with all requirements of the Executive Order.

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 conducted our review from February through November 2015 in Baltimore, Maryland. We conducted our review in accordance with the Council of the Inspectors General on Integrity and Efficiency's *Quality Standards for Inspection and Evaluation*.

Appendix B – ACKNOWLEDGMENTS

Victoria Vetter, Director, Financial Audit Division

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Kelly Stankus, Senior Auditor

Kimberly Beauchamp, Writer-Editor

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