

Audit Report

Old-Age, Survivors and Disability
Insurance Benefits Withheld Pending
a Windfall Offset Determination

A-09-15-15041 / March 2016

OIG

Office of the Inspector General
SOCIAL SECURITY ADMINISTRATION

MEMORANDUM

Date: March 21, 2016

Refer To:

To: The Commissioner

From: Inspector General

Subject: Old-Age, Survivors and Disability Insurance Benefits Withheld Pending a Windfall Offset Determination (A-09-15-15041)

The attached final report presents the results of the Office of Audit's review. The objective was to determine whether the Social Security Administration had adequate controls to ensure it accurately and timely paid the Old-Age, Survivors and Disability Insurance benefits it withheld pending a windfall offset determination.

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

Old-Age, Survivors and Disability Insurance Benefits Withheld Pending a Windfall Offset Determination

A-09-15-15041



March 2016

Office of Audit Report Summary

Objective

To determine whether the Social Security Administration (SSA) had adequate controls to ensure it accurately and timely paid the Old-Age, Survivors and Disability Insurance (OASDI) benefits it withheld pending a windfall offset determination.

Background

The windfall offset provision prevents an individual from receiving monthly OASDI and Supplemental Security Income (SSI) payments in excess of the total amount beneficiaries would have been paid had the OASDI benefits been disbursed when they were due rather than retroactively.

In potential offset cases, SSA employees must enter a windfall indicator code on the Windfall Offset Data line of the Master Beneficiary Record. When SSA processes an OASDI claim, it temporarily withholds past-due benefits pending a windfall offset determination. SSA controls the offset determination by a follow-up diary and alert to ensure the offset is processed.

We identified 61,984 beneficiaries whose OASDI benefits SSA had withheld pending a windfall offset determination as of October 2014.

Findings

We continue to find that SSA needs to improve controls to ensure it accurately and timely pays OASDI benefits withheld pending a windfall offset determination. We estimate that

- 13,141 beneficiaries' windfall offset actions were not processed and therefore SSA withheld about \$113.2 million in OASDI benefits, of which we estimate approximately \$71.9 million was payable to these beneficiaries, and
- 19,587 beneficiaries' windfall offset actions were correctly processed but not in a timely manner; therefore, these beneficiaries did not promptly receive about \$195.2 million in OASDI benefits.

In addition, SSA incorrectly processed the windfall offset determinations for five beneficiaries. As a result, SSA improperly withheld \$12,775 in OASDI benefits for these beneficiaries.

Finally, SSA did not take corrective actions for 50.6 percent of the beneficiaries we identified during our 2011 audit.

Recommendations

We made several recommendations for SSA to take corrective actions for the beneficiaries identified by our audits and to improve controls to ensure SSA timely and accurately pays OASDI benefits withheld pending a windfall offset determination.

SSA agreed with our recommendations.

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ABBREVIATIONS

MBR	Master Beneficiary Record
OASDI	Old-Age, Survivors and Disability Insurance
OIG	Office of the Inspector General
POMS	Program Operations Manual System
RETAP	Regular Transcript Attainment and Selection Pass
SSA	Social Security Administration
SSI	Supplemental Security Income
U.S.C.	United States Code
WOD	Windfall Offset Data

OBJECTIVE

Our objective was to determine whether the Social Security Administration (SSA) had adequate controls to ensure it accurately and timely paid the Old-Age, Survivors and Disability Insurance (OASDI) benefits it withheld pending a windfall offset determination.

BACKGROUND

The OASDI program provides benefits to retired and disabled workers, including their dependents and survivors.¹ The Supplemental Security Income (SSI) program provides payments to financially needy individuals who are aged, blind, or disabled.² SSA counts OASDI benefits as income when it determines SSI eligibility and payment amounts.³

The windfall offset provision prevents an individual from receiving monthly OASDI and SSI payments in excess of the total amount beneficiaries would be paid if the OASDI benefits are disbursed when they are due rather than retroactively. When beneficiaries are entitled to both OASDI and SSI for the same months, SSA must reduce any retroactive OASDI benefits that may have been payable by any SSI payments that should not have been paid because of the OASDI entitlement.⁴ In potential offset cases, when SSA processes an OASDI claim, it temporarily withholds past-due benefits pending a windfall offset determination.⁵ SSA controls the offset determination with a follow-up diary and alert to ensure the offset is processed.

In a 2011 audit,⁶ we found that SSA needed to improve controls to ensure it accurately and timely paid OASDI benefits withheld pending a windfall offset determination. Specifically, we found that SSA improperly withheld about \$306 million in OASDI benefits because it did not process windfall offset determinations. We also found that SSA improperly withheld or overpaid about \$51.5 million in OASDI benefits because it incorrectly processed windfall offset determinations. Finally, we found that SSA did not timely pay about \$725.9 million in OASDI benefits because it did not process windfall offset determinations timely. Our prior audit included several recommendations for corrective action.

¹ The *Social Security Act*, § 202 *et seq.*, 42 U.S.C. § 402 *et seq.*

² The *Social Security Act*, § 1601 *et seq.*, 42 U.S.C. § 1381 *et seq.*

³ SSA, POMS, TC 11001.090.A (February 18, 2005).

⁴ SSA, POMS, GN 02610.005 (April 25, 2012).

⁵ SSA, POMS, SI 02006.001.A (May 14, 2013).

⁶ *Old-Age, Survivors and Disability Insurance Benefits Withheld Pending Supplemental Security Income Windfall Offset* (A-09-11-11130), November 2011.

For our current review, we identified 61,984 beneficiaries from whom, according to the Master Beneficiary Record (MBR), SSA had withheld OASDI benefits pending a windfall offset determination as of October 2014. These beneficiaries represented new windfall offset determinations since our prior audit. From this population, we selected a random sample of 250 beneficiaries for review (see Appendix A).

RESULTS OF REVIEW

We continue to find that SSA needs to improve controls to ensure it accurately and timely pays the OASDI benefits it withheld pending a windfall offset determination. Based on our random sample, we estimate that

- 13,141 beneficiaries' windfall offset actions were not processed and therefore SSA withheld about \$113.2 million in OASDI benefits, of which approximately \$71.9 million was payable to these beneficiaries, and
- 19,587 beneficiaries' windfall offset actions were correctly processed but not in a timely manner;⁷ therefore, these beneficiaries did not promptly receive about \$195.2 million in OASDI benefits (see Appendix B).

In addition, we found that SSA incorrectly processed the windfall offset determinations for five beneficiaries. As a result, SSA improperly withheld \$12,775 in OASDI benefits for these beneficiaries.

Finally, we found that SSA did not take corrective actions for 26,558 (50.6 percent) of the 52,465 beneficiaries we identified during our 2011 audit.

All these conditions occurred because SSA did not always (1) establish manual diaries, (2) process requests for windfall offset determinations when required, or (3) pay all OASDI benefits due upon completion of the windfall offset determinations.

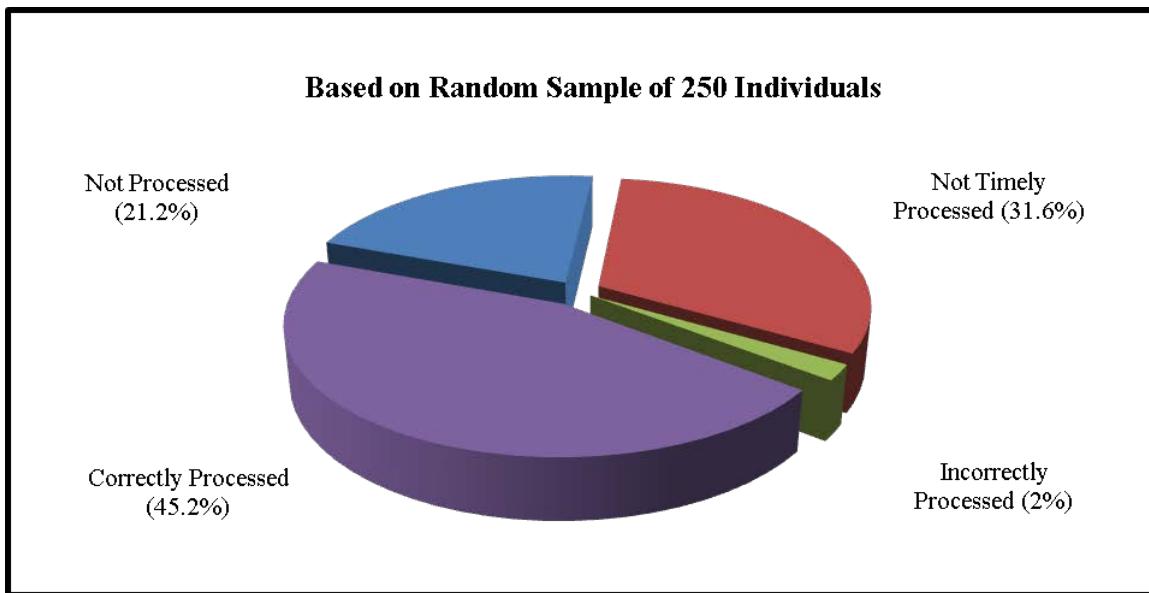
For the 250 beneficiaries in our sample, we found that SSA

- did not process the windfall offset actions for 53 (21.2 percent),
- incorrectly processed the windfall offset actions for 5 (2 percent),
- did not timely process the windfall offset actions for 79 (31.6 percent), and
- correctly processed the windfall offset actions for 113 (45.2 percent).

⁷ For our review, we used a standard of 90 days to determine whether SSA had processed windfall offset actions timely.

Figure 1 summarizes the results of our review.

Figure 1: OASDI Benefits Withheld Pending a Windfall Offset Determination



SSA Controls and Procedures for Windfall Offset

Windfall offset may apply when there is any indication an OASDI beneficiary may be concurrently entitled to OASDI and SSI. The windfall offset determination generally involves two actions. First, SSA awards the OASDI benefits and withholds any retroactive benefits pending completion of the windfall offset determination. Second, after making the offset determination, SSA pays any withheld benefits due the beneficiary.⁸

SSA's automated systems process and control windfall offset determinations. Specifically, it generates a diary alert⁹ every 30 days to remind the field office to make the windfall offset determination. After the field office makes its determination, the automated systems generate a diary alert after 45 days (and every 20 days thereafter) to remind the processing center to pay the beneficiary all withheld OASDI benefits after deducting the appropriate offset amount.

For determinations the automated systems cannot process, SSA employees must enter a windfall indicator code on the MBR's Windfall Offset Data (WOD) line. Based on the windfall indicator code, SSA's Regular Transcript Attainment and Selection Pass (RETAP) will generate an alert that a windfall offset determination is pending 90 days after the end of the offset period.

⁸ SSA, POMS, SI 02006.001 (May 14, 2013).

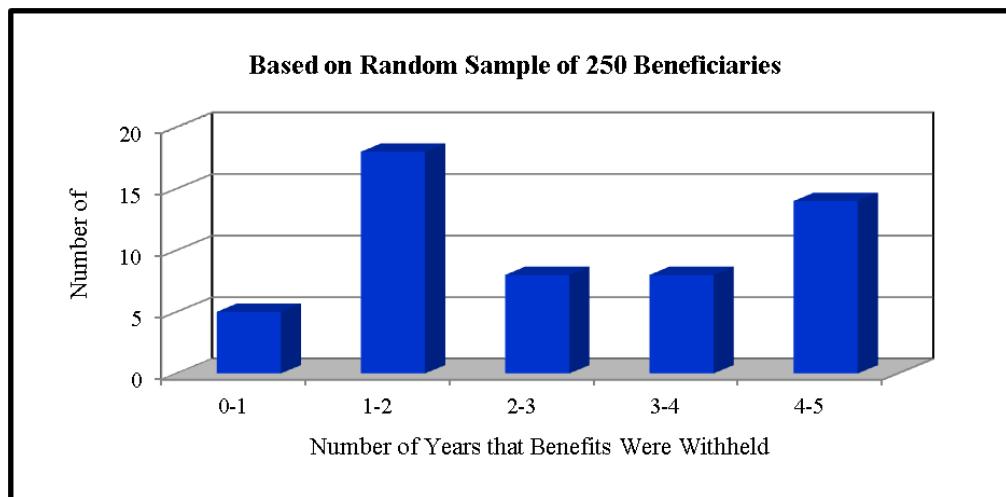
⁹ Diary alerts are controls designed to ensure proper offset actions are taken.

RETAP generates a follow-up alert every 3 months until the windfall offset is processed.¹⁰ SSA employees must also establish a diary to ensure the offset determination is made and, if appropriate, pay the beneficiary any withheld OASDI benefits. Finally, SSA's Web-based e4345¹¹ tracks and controls manual windfall offset actions that SSA's automated systems cannot process. SSA employees establish an e4345 when a windfall offset determination requires manual computation.

Windfall Offset Determinations Not Processed

SSA had not processed the windfall offset determinations for 53 (21.2 percent) of the 250 beneficiaries in our sample. As a result, SSA withheld \$456,601 in OASDI benefits. As depicted in Figure 2, SSA withheld these benefits for as long as 4.9 years after they were due and payable. SSA withheld the benefits for an average of 2.6 years (968 days).¹²

Figure 2: Windfall Offset Actions Not Processed



For 5 of the 53 beneficiaries, SSA employees did not take action when RETAP generated alerts. In addition, SSA's Web-based application contained an e4345 for all five beneficiaries that instructed SSA employees to process the windfall offset determinations. Although SSA employees completed the determinations, they had not paid the OASDI benefits to the beneficiaries.

¹⁰ A windfall indicator code of A, L, M, X, or Y indicates there is a potential windfall offset. Other codes indicate the offset provisions have been applied or are not applicable.

¹¹ The e4345 is a Web-based application of the Form SSA-4345-U2, *Record of Manual Title II Offset Computation*.

¹² The mean was 968 days. The median was 941 days.

For the remaining 48 beneficiaries, the windfall offset determinations required manual processing. However, SSA employees did not establish manual diaries or process requests for windfall offset determinations, as required. Without the manual diaries, SSA may not pay these OASDI benefits. We found the MBR did not contain a WOD for our offset period for any of the 48 beneficiaries. Unless SSA employees enter a windfall indicator code on the MBR's WOD line, RETAP will not generate an alert for these beneficiaries. In addition, SSA's Web-based application contained an e4345 for only 4 of the 48 beneficiaries.

For example, in February 2012, SSA awarded OASDI benefits to a beneficiary effective August 2008, resulting in \$40,767 in retroactive benefits withheld for potential windfall offset. However, SSA employees did not manually complete the offset determination or establish a diary to ensure the offset was processed. In addition, SSA employees had not entered a WOD on the MBR; therefore, RETAP did not generate an alert. As of October 2015, SSA had neither completed the offset determination nor paid the beneficiary any of the \$40,767 in retroactive benefits.

Incorrectly Processed Windfall Offset Determinations

SSA incorrectly processed the windfall offset determinations for 5 (2 percent) of the 250 beneficiaries in our sample. This occurred because SSA did not pay the proper amount of OASDI benefits due these beneficiaries when it completed the offset determinations. As a result, SSA improperly withheld \$12,775 in OASDI benefits for these beneficiaries.

For three of the five beneficiaries, we found that SSA had paid some, but not all, of the withheld OASDI benefits due. These beneficiaries were entitled to an additional \$10,948. For the remaining two beneficiaries, SSA made the offset determination but did not pay any of the withheld benefits due, resulting in underpayments totaling \$1,827. For all five underpayments, SSA withheld the benefits for an average of 1,698 days.¹³

For example, in December 2010, SSA reinstated OASDI benefits to a beneficiary effective April 2010. SSA correctly withheld all retroactive benefits from April through December 2010, totaling \$7,443, pending a windfall offset determination. In April 2011, SSA applied the \$4,044 windfall offset amount and paid \$1,654 in attorney fees on the beneficiary's behalf. However, SSA did not pay the beneficiary the remaining \$1,745 in withheld benefits due. This occurred because SSA employees incorrectly processed the windfall offset determination. As of October 2015, SSA had not paid the beneficiary the \$1,745.

¹³ The mean was 1,698 days. The median was 1,798 days.

Windfall Offset Determinations Not Timely Processed

SSA did not timely process the windfall offset determinations for 79 (31.6 percent) of the 250 beneficiaries in our sample.¹⁴ Although SSA correctly processed the windfall offset determinations, they were not completed within 90 days. As a result, SSA did not pay about \$787,408 in OASDI benefits for an average of 185 days.¹⁵

For example, in May 2014, SSA awarded OASDI benefits to a beneficiary effective June 2011. SSA correctly withheld the \$65,429 in retroactive benefits for June 2011 through April 2014 pending a windfall offset determination. In September 2014, SSA determined that no windfall offset applied, and all withheld benefits were payable. However, SSA did not pay the \$65,429 in withheld benefits until May 2015. As a result, the beneficiary did not receive the withheld benefits until 1 year after SSA awarded benefits.

SSA Actions in Response to Our Prior Audit

In our 2011 audit,¹⁶ we estimated that SSA withheld about \$306 million in OASDI benefits to 35,398 beneficiaries whose windfall offset actions it had not processed. Of this amount, we estimated approximately \$232 million was payable to these beneficiaries. We also estimated that SSA improperly withheld or overpaid about \$51.5 million in OASDI benefits to 17,067 beneficiaries whose windfall offset actions it had incorrectly processed. To address this, we recommended that SSA take corrective action for the estimated population of 52,465 beneficiaries whose windfall offset actions it had not processed or incorrectly processed. We also recommended that SSA implement additional controls to ensure it processed windfall offset actions accurately and timely. Specifically, we stated that SSA should periodically identify and select for review beneficiaries whose OASDI benefits have been withheld pending windfall offset determination for an extended period.

In its comments to our report, SSA stated the vast majority of these cases was controlled and would be processed. SSA also stated it would continue identifying and resolving pending windfall offset determinations and was exploring ways of ensuring it completes offset actions timely and accurately. Finally, SSA stated it had provided its employees windfall offset training and planned to automate additional functions that require manual computations to improve timeliness and accuracy. In our response to SSA's comments, we stated these cases were not controlled, and none of the pending cases in our sample had diaries or were on the e4345 Web-based application.

¹⁴ For our review, we used a standard of 90 days to determine whether SSA had processed windfall offset actions timely.

¹⁵ The mean was 185 days. The median was 161 days.

¹⁶ *Old-Age, Survivors and Disability Insurance Benefits Withheld Pending Supplemental Security Income Windfall Offset (A-09-11-11130)*, November 2011.

For our current review, we identified 26,558 OASDI beneficiaries from our prior audit whose benefits, according to the MBR, SSA continued to withhold pending a windfall offset determination as of October 2014. To determine whether SSA took corrective actions for these cases, we reviewed a random sample of 50 beneficiaries and found that all 50 still required corrective action. Specifically, SSA had not processed the windfall offset actions for 47 beneficiaries and incorrectly processed the windfall offset actions for 3 beneficiaries. As of October 2015, SSA had not taken corrective action for any of the 50 (100 percent) beneficiaries. None of these cases had a pending diary, and only two were on the e4345 Web-based application. In addition, none had a WOD on the MBR that would allow RETAP to identify and alert these cases. Consequently, SSA did not take corrective actions for 26,558 (50.6 percent) of the 52,465 beneficiaries we identified during our 2011 audit.

CONCLUSIONS

We continue to find that SSA needs to improve controls to ensure it accurately and timely pays OASDI benefits it withheld pending a windfall offset determination. Our current review estimated that \$71.9 million was payable to beneficiaries because SSA did not process windfall offset determinations, and \$195.2 million paid to beneficiaries was not timely processed by SSA (see Appendix B). In addition, we found that \$12,775 was improperly withheld from beneficiaries because SSA did not correctly process the windfall offset determinations. Finally, we found that SSA did not take corrective actions for 50.6 percent of the beneficiaries we identified during our 2011 audit.

Although SSA has several controls for processing windfall offset determinations, if employees do not take appropriate action to establish diaries, process RETAP alerts, and record windfall offset data on the MBR and e4345 Web-based application, OASDI benefits will not be accurately and timely paid. Therefore, as we recommended in our 2011 audit, SSA should conduct a periodic clean-up operation to identify and review beneficiaries with OASDI benefits withheld pending a windfall offset determination for an extended period.

RECOMMENDATIONS

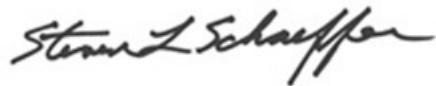
We recommend that SSA:

1. Take appropriate action to complete the windfall offset determinations and pay the withheld OASDI benefits for the 58 beneficiaries whose offset actions were not processed or incorrectly processed, as identified by our audit.
2. Evaluate the results of its actions for the 58 beneficiaries and take appropriate action to address the remaining population of 61,734 beneficiaries identified during the current audit.
3. Take appropriate action to address the population of 26,558 beneficiaries identified during our 2011 audit.
4. Periodically identify and select for review beneficiaries whose OASDI benefits are being withheld pending a windfall offset determination.

5. Improve automated controls to ensure SSA employees establish a WOD line on the MBR when they withhold OASDI benefits pending a windfall offset determination.

AGENCY COMMENTS

SSA agreed with our recommendations. The Agency's comments are included in Appendix C.



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

APPENDICES

Appendix A – SCOPE AND METHODOLOGY

From the Social Security Administration's (SSA) Master Beneficiary Record (MBR), we obtained a data extract of 61,984 beneficiaries who had Old-Age, Survivors and Disability Insurance (OASDI) benefits withheld pending a windfall offset determination as of October 2014. These beneficiaries represented new windfall offset determinations on the MBR since our prior audit. We also identified a population of 26,558 OASDI beneficiaries from our prior audit whose windfall offset determinations may not have been processed.

To accomplish our objective, we

- reviewed the applicable sections of the *Social Security Act*, the United States Code, and SSA's Program Operations Manual System;
- interviewed SSA employees from the Offices of Operations and Systems;
- reviewed queries from SSA's MBR, Payment History Update System, Modernized Claim System, Modernized Development Worksheet, Paperless, e4345 Web-based application, and Processing Center Action Control System;
- selected a random sample of (1) 250 beneficiaries whose OASDI benefits had been withheld pending a windfall offset determination since our prior audit and (2) 50 beneficiaries from our prior audit whose windfall offset determinations may not have been processed; and
- reviewed the actions SSA took to process the windfall offset determinations and issue any withheld OASDI benefits accurately and timely.

We determined whether the computer-processed data from the MBR were sufficiently reliable for our intended purpose. We tested the data to determine their completeness and accuracy. These tests allowed us to assess the reliability of the data and achieve our audit objective.

We conducted our audit work in Richmond, California, and Baltimore, Maryland, between May and October 2015. The entity audited was the Office of Operations under the Office of the Deputy Commissioner for Operations.

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 objective. We believe the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

Appendix B – SAMPLING METHODOLOGY AND RESULTS

From the Social Security Administration's (SSA) Master Beneficiary Record (MBR), we obtained a data extract of 61,984 beneficiaries who had Old-Age, Survivors and Disability Insurance (OASDI) benefits withheld pending a windfall offset determination as of October 2014. From this population, we selected a random sample of 250 beneficiaries for review. We also identified a population of 26,558 OASDI beneficiaries from our prior audit whose windfall offset determinations may not have been processed. From this population, we selected a random sample of 50 beneficiaries for review.

Windfall Offset Determinations Not Processed

We found that SSA had not processed the windfall offset determinations for 53 of the 250 beneficiaries in our sample. As a result, SSA withheld \$456,601 in OASDI benefits for which these beneficiaries may have been eligible. Projecting these results to our population of 61,984 beneficiaries, we estimate that SSA withheld about \$113.2 million in OASDI benefits for 13,141 beneficiaries.

Incorrectly Processed Windfall Offset Determinations

We found that SSA incorrectly processed the windfall offset determinations for 5 of the 250 beneficiaries in our sample. As a result, SSA improperly withheld \$12,775 in OASDI benefits for these beneficiaries.

Windfall Offset Determinations Not Timely Processed

We found that SSA did not timely process the windfall offset determinations for 79 of the 250 beneficiaries in our sample. As a result, SSA withheld \$787,408 in OASDI benefits for an average of 185 days. Projecting these results to our population of 61,984 beneficiaries, we estimate that 19,587 beneficiaries did not promptly receive about \$195.2 million in withheld OASDI benefits.

The following tables provided the details of our sample results and statistical projections.

Table B–1: Population and Sample Size

Description	Beneficiaries
Population Size	61,984
Sample Size	250

Table B–2: Windfall Offset Determinations Not Processed

Description	Number of Beneficiaries	OASDI Benefits Withheld
Sample Results	53	\$456,601
Point Estimate	13,141	\$113,207,726
Projection – Lower Limit	10,555	\$61,984,652
Projection – Upper Limit	16,047	\$164,430,801

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

Of the 250 beneficiaries in our sample, we found that SSA correctly processed 192 windfall offset determinations, including 113 that were correct and timely and 79 that were correct but not timely processed. For these beneficiaries, SSA withheld about \$2.65 million in OASDI benefits and subsequently paid about \$1.68 million (63.5 percent) after processing the windfall offset determinations. We applied this percentage to our sample results and estimate that \$289,942 of the \$456,601 was payable to the 53 beneficiaries. We also applied this percentage to the \$113.2 million in withheld OASDI benefits for the 13,141 beneficiaries and estimate that approximately \$71.9 million was payable to these beneficiaries.

Table B–3: Windfall Offset Determinations Not Timely Processed

Description	Number of Beneficiaries	OASDI Benefits Not Paid Timely
Sample Results	79	\$787,408
Point Estimate	19,587	\$195,226,753
Projection – Lower Limit	16,585	\$133,853,357
Projection – Upper Limit	22,793	\$256,600,148

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

Appendix C – AGENCY COMMENTS



SOCIAL SECURITY

MEMORANDUM

Date: March 10, 2016 **Refer To:** S1J-3

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

From: Frank Cristaudo /s/
Executive Counselor to the Commissioner

Subject: Office of the Inspector General Draft Report, “Old-Age, Survivors and Disability Insurance Benefits Withheld Pending a Windfall Offset Determination” (A-09-15-15041)--
INFORMATION

Thank you for the opportunity to review the draft report. Please see our attached comments.

Please let me know if we can be of further assistance. You may direct staff inquiries to Gary S. Hatcher at (410) 965-0680.

Attachment

**COMMENTS ON THE OFFICE OF THE INSPECTOR GENERAL DRAFT REPORT,
“OLD-AGE, SURVIVORS AND DISABILITY INSURANCE BENEFITS WITHHELD
PENDING A WINDFALL OFFSET DETERMINATION” (A-09-15-15041)**

General Comments

We strive to improve the timeliness and accuracy of our benefit payments. Since OIG’s November 2011 audit titled, *Old-Age, Survivors and Disability Insurance Benefits Withheld Pending Supplemental Security Income Windfall Offset* (A-09-11-11130) we have made several improvements in our windfall offset processes.

In 2012, with the implementation of the Title II Modernization project, we streamlined our windfall offset process by moving it to a new system environment. We also automated the deduction of attorney fees from retroactive benefits. These changes have greatly improved the rate at which our computer system automatically processes windfall offsets, from 34 percent of cases under the old system to about 93 percent of the cases today. Automated offsets are generally more accurate and allow us to more quickly release retroactive benefits, resulting in substantially better service to claimants.

We have also recently made other improvements to our windfall offset processes. We automated “excess offset” determinations, a complicated and labor-intensive component of some windfall offset cases, thus improving timeliness. We improved our controls by posting to the Payment Centers (PCs) Automated Control system every week a list of the cases in which the Supplemental Security Income portion of the windfall offset is complete and the retroactive Old-Age, Survivors, and Disability Insurance benefits are ready for release.

In October 2013, we started a pilot to process certain Supplemental Security Income (SSI) windfall offset diaries at the PCs to reduce the volume of pending SSI diaries requiring field office action, which has expedited the release of Title II back pay. Our managers use a web-based SSI Diary Control Application to better monitor and ensure the timely completion of pending SSI diaries.

We commit our efforts to improving our processing of all windfall offsets and continue to evaluate and refine our procedures, policies, and systems.

Recommendation 1

Take appropriate action to complete the windfall offset determination for the 58 beneficiaries whose offset actions were not processed or incorrectly processed, as identified by our audit.

Response

We agree. By July 29, 2016, we will take the appropriate action to complete the windfall offset determinations for the 58 beneficiaries.

Recommendation 2

Evaluate the results of its actions for the 58 beneficiaries and take appropriate action to address the remaining population of 61,734 beneficiaries identified during the current audit.

Response

We agree. By August 31, 2016, we will develop an action plan for working the remaining population of 61,734 beneficiaries.

Recommendation 3

Take appropriate action to address the population of 26,558 beneficiaries identified during our 2011 audit.

Response

We agree. By November 30, 2016, we will evaluate whether there is a cost-effective method, such as using automation, to address these cases.

Recommendation 4

Periodically identify and select for review beneficiaries whose OASDI benefits are being withheld pending a windfall offset determination.

Response

We agree. By June 2016, we plan to take action to add criteria to our current RETAP alerts to identify OASDI benefits being withheld pending a windfall offset determination.

Recommendation 5

Improve automated controls to ensure that SSA employees establish a WOD line on the MBR when they withhold OASDI benefits pending a windfall offset determination.

Response

We agree. By December 2016, we will develop a plan to improve automated controls.

Appendix D – ACKNOWLEDGMENTS

James J. Klein, Director, San Francisco Audit Division

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