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**OFFICE OF  
THE INSPECTOR GENERAL**

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**SOCIAL SECURITY ADMINISTRATION**

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**THE SOCIAL SECURITY ADMINISTRATION'S  
CONTROLS OVER THE WRITE-OFF OF  
TITLE XVI OVERPAYMENTS**

**January 2006**

**A-04-05-15041**

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**AUDIT REPORT**

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## **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.**



# SOCIAL SECURITY

## MEMORANDUM

Date: January 20, 2006

Refer To:

To: The Commissioner

From: Inspector General

Subject: The Social Security Administration's Controls over the Write-off of Title XVI Overpayments (A-04-05-15041)

## OBJECTIVE

Our objective was to determine whether the Social Security Administration's (SSA) decisions to write-off Title XVI overpayments were in accordance with its policies and procedures.

## BACKGROUND

Title XVI of the *Social Security Act* established the Supplemental Security Income (SSI) program in 1972, effective January 1, 1974,<sup>1</sup> 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, vary over time, SSI payments may be error-prone and result in overpayments.

When SSA detects it has overpaid a recipient, it first attempts full and immediate recovery of the overpayment while affording the debtor due process in resolving the overpayment.<sup>2</sup> If these efforts fail, SSA offsets the overpayment against any current and future payments, as appropriate.<sup>3</sup> For those SSA debtors not receiving payments, SSA attempts to negotiate a repayment agreement. SSA may also collect the overpayment from other Federal payments.<sup>4</sup> However, in certain circumstances, when SSA determines an overpayment is not collectible, it may elect to terminate future collection efforts and "write-off" the debt. At a later date, if SSA determines a debt is collectible, it may change or delete the write-off decision.<sup>5</sup>

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<sup>1</sup> Social Security Amendments of 1972 (Public Law 92-603).

<sup>2</sup> SSA *Program Operations Manual System* (POMS) SI 02220.051 - A.2. and SI 02201.025 A.

<sup>3</sup> SSA POMS SI 02220.001 - A.2.

<sup>4</sup> SSA POMS SI 02220.012 and SI 02220.013.

<sup>5</sup> SSA POMS SM 01311.285.

In Fiscal Year (FY) 2004, SSA's field offices wrote off about \$77.6 million in Title XVI overpayments. Generally, SSA field office staff write off overpayments when

- the debt is discharged in bankruptcy court;
- an administrative law judge declares the overpayment uncollectible;
- the overpaid beneficiary is deceased, and all required efforts to collect the overpayment have proved fruitless;
- SSA is awaiting the Department of the Treasury's investigation of an alleged improper negotiation of benefit payment(s); or
- an overpayment is erroneously computed by SSA systems.<sup>6</sup>

To complete a write-off action for the above circumstances, field office personnel must assign a specific accounting code ("N" transaction code) to the overpayment. However, this accounting code does not provide any further classification as to the specific reason for the decision. For example, without written documentation, we were unable to determine whether the overpayment was written off because the debtor was bankrupt, deceased, or erroneously assigned an overpayment. SSA policies and procedures require all overpayment write-off decisions be justified, documented, and, when certain dollar thresholds are met, approved.<sup>7</sup> Moreover, Agency policies provide specific instructions for writing off overpayments for debtors who are bankrupt<sup>8</sup> or deceased.<sup>9</sup>

## SCOPE AND METHODOLOGY

We reviewed 256 overpayments written off by SSA field offices in FY 2004.<sup>10</sup> This total consisted of

- 125 randomly selected overpayment write-offs that ranged from \$200.01 through \$2,000,
- 125 randomly selected write-offs between \$2,000.01 and \$75,000, and
- 6 write-offs \$75,000.01 and greater (all of the highest dollar decisions).

We reviewed each overpayment write-off decision for appropriateness as defined in SSA's *Program Operations Manual System (POMS)*. Additionally we determined whether the field office adequately documented (1) the reason for the write-off and (2) management approval. Because we tested more than one control attribute for each write-off decision, some decisions have more than one reportable issue. However, when projecting the total number of write-offs with errors, we counted only one error for

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<sup>6</sup> SSA POMS SM 01311.280 A.

<sup>7</sup> According to SSA POMS SI 02220.005., field office disposition decisions for Title XVI overpayments over \$2,000 must be reviewed by field office management to ensure the decision is technically accurate and in compliance with policy and procedures.

<sup>8</sup> SSA POMS SI 02220.040.

<sup>9</sup> SSA POMS SI 02201.023.

<sup>10</sup> The sample was composed from October 1, 2003 through October 15, 2004. This consists of 2 weeks, October 1, 2004 through October 15, 2004, not in FY 2004.

each case. Further information regarding our scope and methodology as well as our sampling methodology and results are in Appendices B and C.

## **RESULTS OF REVIEW**

SSA personnel did not always comply with Agency policies and procedures to ensure its decisions to write off Title XVI overpayments were appropriate. SSA policies and procedures require all write-offs be justified, documented and, when certain dollar thresholds are met, approved. However, our review of 250 randomly selected decisions and the 6 highest dollar decisions determined SSA did not always document a justification for the write-off or the required management approval. In total, 160 (64.0 percent) of the 250 randomly selected overpayment write-offs had one or more noncompliance errors. As such, we project SSA personnel did not fully comply with SSA policies and procedures in 33,283 FY 2004 overpayment write-offs totaling about \$48.8 million. See Appendix B for our projection methodology. Additionally, of the six highest dollar overpayment write-off decisions, 3 totaling \$302,318 did not fully comply with SSA's policies and procedures.

We recognize some types of non-compliance errors may not result in inappropriate write-off decisions. However, because the justifications were not adequately documented, we simply could not determine whether the decisions were reasonable.

### **SSA PERSONNEL DID NOT ALWAYS DOCUMENT THEIR DEVELOPMENT OF, AND JUSTIFICATION FOR, THE WRITE-OFF OF OVERPAYMENTS**

SSA personnel did not always comply with Agency policies and procedures to ensure Title XVI overpayment write-offs were appropriate. SSA's policies and procedures require that the development of, and justification for, the write-offs be documented.<sup>11</sup> Our review included 250 randomly selected decisions and the 6 highest dollar overpayment write-off decisions from FY 2004. For 124 of the 250 (49.6 percent) randomly selected write-off decisions, SSA personnel did not maintain relevant and sufficient documentation to justify the decision. Based on our results, we project 30,986 cases, totaling about \$38.1 million, were not adequately documented. See Appendix B for our projection methodology. Also, of the 6 highest dollar overpayment write-off decisions, one decision for \$85,162 lacked evidence to justify the write-off. In total, 125 of the 256 write-off decisions reviewed were not adequately documented.

SSA policies require that SSA personnel take certain actions before writing off a Title XVI overpayment. For example, before writing off an overpayment based on a debtor's bankruptcy proceeding or death, specific actions are required to ensure recovery of the overpayment is not feasible. Further, SSA's policies and procedures require that the development of, and justification for, the uncollectible decision be documented in the remarks section or a record of contact screen in the Modernized Supplemental Security Income Claims System (MSSICS).<sup>12</sup>

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<sup>11</sup> SSA POMS, SI 02220.005 A.

<sup>12</sup> SSA POMS, SI 02220.005 C.1.

### **Write-off Decisions for Debtors in Current Pay Status**

For 56 (44.8 percent) of the 125 undocumented write-off decisions, the debtors were receiving SSI or other SSA benefits at the time of our audit. However, we found no evidence to justify the write-off decisions. Yet, we did determine these individuals were not deceased and had not filed for bankruptcy protection. The write-offs for these 56 cases totaled \$125,736. It is possible that some or all of the write-off decisions appropriately corrected erroneously posted overpayments. However, because SSA's justifications for the decisions were not adequately documented, we could not determine whether the overpayments should have been written off as uncollectible or some or all of the overpayments should have been deemed collectible and the debt offset against future SSA payments.

### **Write-off Decisions for Deceased Debtors**

In 95 (37.1 percent) of the 256 write-off decisions, SSA's records indicated the debt was written off after the recipient's death. However, 34 (35.8 percent) of the 95 decisions lacked evidence that the uncollectible overpayment was written off according to SSA's policy, which states a deceased beneficiary's estate is liable for the debt.<sup>13</sup> The total amount written-off on these cases was \$203,136. When the deceased beneficiary's debt is \$5,000 or lower, SSA staff can write off the debt after a limited review of the case facts. Specifically, SSA policy requires that only a notice of overpayment be sent to the estate. No further collection actions are required unless (1) the debtor's spouse is "eligible" for SSA-administered benefits, (2) the debtor has a representative payee or responsible spouse, or (3) the overpayment involves fraud.<sup>14</sup>

When a deceased beneficiary's debt is over \$5,000, SSA policy requires that staff determine whether the debtor has an estate. If an estate exists, further actions should be taken to determine whether any recovery from the estate is possible.<sup>15</sup>

### **Write-off Decisions Resulting from Goldberg-Kelly Cases**

In some situations, SSA determines an SSI recipient is no longer eligible and payments should be terminated. However, a U.S. Supreme Court decision, *Goldberg v. Kelly*, 397 US 254 (1970), ruled that public assistance recipients must receive advance notice of an adverse action and be provided an opportunity to appeal the decision without

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<sup>13</sup> SSA POMS GN 02215.050 - A.

<sup>14</sup> SSA POMS SI 02220.053 - A.2., and GN 02210.221

<sup>15</sup> SSA POMS SI 02220.053 - A.5., and SI 02220.045 C.1

interruption of benefit payments.<sup>16</sup> The cases affected by this policy are commonly referred to as Goldberg-Kelly cases. According to the policy, Goldberg-Kelly type recipients may receive SSI payments until their appeal is decided. However, payments received during the appeal will be considered overpayments if the disability cessation decision is upheld.<sup>17</sup>

Our audit identified 11 overpayments, totaling \$98,073, from Goldberg-Kelly type cases, in which the decisions to terminate SSI payments were upheld through the appeals process. SSA appropriately established overpayments on the recipients' records. However, after the appeal decisions, SSA deemed the overpayments uncollectible. In each of the 11 cases, we found no evidence to justify the write-off decisions. During the course of our audit, SSA field office staff responsible for recording the uncollectible decisions all acknowledged the decisions recorded by their offices were incorrect. They explained the overpayments were collectible unless the recipients requested, and SSA granted, an overpayment waiver. SSA did not waive the overpayments on these 11 cases. Further, when a waiver is not granted, and the field office determines that the recipient is unwilling or unable to repay the debt, the overpayment should be suspended from further collection efforts—not written-off. When a debt is suspended from collection actions, the debt may be recovered at a later date if the debtor becomes eligible for SSA benefits or has the means to repay the debt.

### **Write-off Decisions when Debtors' Representative Payees had Earnings**

For five overpayment write-offs, totaling \$23,401, SSA records indicated the debtors' representative payees had earnings that may have been sufficient to enable some repayment of the debt. According to SSA policy, personnel may attempt to recover an overpayment from the recipient's representative payee and should attempt to determine whether the representative payee is solely or jointly liable for the overpayment.<sup>18</sup> In these five cases, we found no evidence justifying SSA's decision to write off the debt. Without evidence, we could not conclude whether the overpayment should be recovered from the representative payee or written-off.

### **SSA MANAGEMENT DID NOT ALWAYS DOCUMENT ITS REVIEW OF WRITE-OFF DECISIONS, AS REQUIRED**

From our sample of 250 randomly selected overpayment write-offs, 125 (50 percent) required a supervisory review because the overpayment amount exceeded established

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<sup>16</sup> SSA POMS SI 02301.300 - B.1. Goldberg-Kelly benefit continuation applies only to non-disability determinations which result in a reduction, suspension or termination of SSI benefits. The non-disability determination qualifies as an adverse action because the decision results in a reduction, suspension or termination of SSI benefits.

<sup>17</sup> SSA POMS SI 02301.310.

<sup>18</sup> 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.

dollar thresholds. The supervisory review for 35 of the 125 write-off decisions was automatically documented as part of SSA's revised transaction procedures, effective April 24, 2004. Of the remaining 90 write-off decisions, 83 (92.2 percent) lacked evidence of a supervisory review. The overpayments written off on these 83 decisions totaled \$446,530. Field office personnel may write-off uncollectible overpayments under \$2,000 without supervisory approval. However, write-off decisions for overpayments between \$2,000.01 and \$19,999.99 must have field office management approval.

We reviewed the six highest dollar write-off decisions. For three of these decisions, we found no evidence of the appropriate management approval. The overpayments for the three write-off decisions exceeded \$20,000 and required approval of an Assistant Regional Commissioner for Management and Operations Support (ARC-MOS). Table 1 details the three write-offs exceeding \$20,000 for which we found no evidence of the required ARC-MOS approval.

**TABLE 1: Uncollectible Decisions that Exceeded \$20,000**

Overpayment Amount	Date of Write-Off	Reason for the Write-off
\$133,786	October 6, 2003	Disability Cessation with Protected Benefits
85,162	November 3, 2003	Deceased Debtor
83,370	October 8, 2003	Late Discovery of a Disability Cessation
\$302,318	<b>Total</b>	

SSA policy in effect before April 24, 2004, required that management review of write-offs 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*, which should be maintained in the case folder;<sup>19</sup> or (3) SSA-553, *Special Determination* form, which requires an ARC-MOS approval. However, we found no such documentation for 83 of the 90 uncollectible decisions that required supervisory approval.

After April 24, 2004, SSA's revised procedures<sup>20</sup> required that field office managers document their supervisory review in MSSICS by keying in a personal identification number (PIN).<sup>21</sup> Under this procedure, uncollectible decisions developed by field office staff cannot be posted to MSSICS until the supervisor enters a PIN, indicating the decision was reviewed and approved. Our audit sample included 35 write-offs made

<sup>19</sup> SSA POMS, SI 02220.005 - B.3., in effect September 18, 2001 to November 26, 2002.

<sup>20</sup> SSA POMS, SI 02220.005 - A.

<sup>21</sup> SSA refers to this procedure as a two-PIN process. Non-supervisory staff must enter a PIN to access and develop the decision in MSSICS (PIN 1). Then, a supervisor must enter a PIN to authorize the posting of the decision (PIN 2).

after April 24, 2004, which were processed through MSSICS. Because the two-pin process was in place for these write-offs, we considered these decisions to have management approval.

## **CONCLUSION AND RECOMMENDATIONS**

SSA did not always follow established policies and procedures to ensure Title XVI write-off decisions were appropriate. Specifically, SSA staff did not always document their justification for classifying an overpayment as uncollectible. For cases that lacked evidence supporting the write-offs, we found situations where the debt may have been collectible. For example, some deceased debtors had a representative payee or spouse with sufficient earnings to prompt case development and generate repayment of the debt. Additionally, many decisions developed by field office staff lacked evidence of a supervisory review.

We recommend that SSA:

1. Issue a reminder to SSA field office personnel to fully develop and document overpayment write-off decisions, as required by POMS, and implement a mechanism to monitor their compliance.
2. Issue a reminder and, if necessary, further guidance to SSA field office personnel on the proper disposition of overpayments resulting from Goldberg-Kelly type payments.
3. Ensure all uncollectible overpayment decisions exceeding established thresholds are reviewed and approved by appropriate SSA management officials, as required by POMS.

## **AGENCY COMMENTS**

SSA agreed with our recommendations. In its response to our report, SSA stated actions to strengthen the controls over writing-off uncollectible overpayments have been taken or are planned. The full text of SSA's comments is included in Appendix D.



Patrick P. O'Carroll, Jr.

# *Appendices*

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[APPENDIX A](#) – Acronyms

[APPENDIX B](#) – Scope and Methodology

[APPENDIX C](#) – Sampling Methodology and Results

[APPENDIX D](#) – Agency Comments

[APPENDIX E](#) – OIG Contacts and Staff Acknowledgements

## Acronyms

ARC-MOS	Assistant Regional Commissioner for Management Operations and Support
DMS	Debt Management System
FY	Fiscal Year
MEF	Master Earnings File
MSSICS	Modernized Supplemental Security Income Claims System
OPPD	Overpayment Decision Data
PIN	Personal Identification Number
POMS	Program Operations Manual System
SSA	Social Security Administration
SSI	Supplemental Security Income
SSN	Social Security Number
SSR	Supplemental Security Record

### Scope and Methodology

To accomplish our objectives, we reviewed 256 Title XVI overpayments written off by Social Security Administration (SSA) field offices in Fiscal Year (FY) 2004.<sup>1</sup> This total consisted of (1) 125 randomly selected write-offs that ranged from \$200.01 through \$2,000, (2) 125 randomly selected write-offs between \$2,000.01 and \$75,000, and (3) 6 write-offs \$75,000.01 or greater. We selected our population from SSA's Overpayment Decision Data (OPDD) segment of the Supplemental Security Record. Specifically, from the OPDD segment, we selected transactions with an "N" "type of recovery code," which indicates SSA deemed the overpayment uncollectible. Within this subset, we selected transactions with a blank "recovery transaction code," which indicates an SSA *field office* deemed the overpayment uncollectible. Transactions field offices deemed uncollectible account for about 97 percent of the uncollectible decisions recorded in the OPDD segment.

We reviewed each overpayment write-off decision for appropriateness, as defined in SSA's Program Operations Manual System (POMS). Our audit tested more than one control attribute for each write-off decision. We determined whether the field office adequately documented each decision to evidence the (1) reason/justification for the write-off and (2) approval by the appropriate level of management.<sup>2</sup> As a result, some write-offs have more than one reportable issue and are included as audit findings in one or more sections of the report. However, when projecting the overall number of write-offs with errors, we counted only one error for each case. We made all projections at the 90-percent confidence level. Additional information regarding our sampling methodology and results are in Appendix C.

We also:

- Reviewed applicable SSA POMS that govern overpayment write-offs under Title XVI of the *Social Security Act*.
- Interviewed SSA field office personnel regarding procedures used to develop and review overpayment write-off decisions.
- Reviewed previous Office of the Inspector General and Governmental Accountability Office reports pertaining to Supplemental Security Income overpayments.

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<sup>1</sup> The sample period comprised October 1, 2003 through October 15, 2004. This period consists of 2 weeks not in FY 2004 (October 1 through 15, 2004.)

<sup>2</sup> Field office disposition decisions for Title XVI overpayments over \$2,000 require supervisory approval.

- Queried and reviewed overpayment write-off information from SSA's Supplemental Security Record, Modernized Supplemental Security Income Claims System, Modernized Development Worksheet, and the Debt Management System.
- Queried and reviewed SSA's Master Earnings File.
- Requested and reviewed Title XVI folders from Wilkes-Barre Folder Servicing Operations.
- Queried U.S. Bankruptcy Court records available in its Public Access to Court Electronic Records system.

We performed our audit work in Atlanta, Georgia, from January through July 2005. The electronic data used for this audit were sufficiently reliable to meet our audit objectives. The entities audited were the Offices of the Deputy Commissioners for Finance, Assessment and Management; Operations; and 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 a sample of 256 Title XVI overpayment write-off decisions from Fiscal Year (FY) 2004.<sup>1</sup> Our sample consisted of (1) 125 randomly selected write-off decisions between \$200.01 and \$2,000, (2) 125 randomly selected write-off decisions between \$2,000.01 and \$75,000 and (3) 6 write-off decisions \$75,000.01 and higher. We selected our population from the Social Security Administration’s (SSA) Overpayment Decision Data (OPDD) segment of the Supplemental Security Record.

Specifically, from the OPDD segment, we selected transactions with an “N” “type of recovery code,” which indicates SSA deemed the overpayment uncollectible. Within this subset, we selected transactions with a blank “recovery transaction code,” which indicates an SSA *field office* deemed the overpayment uncollectible. Transactions field offices deemed uncollectible account for about 97 percent of the uncollectible decisions recorded in the OPDD segment. The following chart details our sample selections.

Strata: Write off Decisions by Dollar Amount	Population Decisions	Population Dollars	Sample Size	Sample Dollars
\$200.01 to \$2,000	52,348	\$35,763,009	125	\$81,613
\$2,000.01 to \$75,000	7,976	41,104,666	125	618,877
\$75,000.01 and Greater	6	710,616	6	710,616
<b>Totals</b>	<b>60,330</b>	<b>\$77,578,291</b>	<b>256</b>	<b>\$1,411,106</b>

Our audit tested more than one control attribute for each Title XVI write-off decision. For example, we determined whether each decision was (1) adequately documented to evidence the justification for the write-off and (2) approved by the appropriate level of management. As a result, some write-offs have more than one reportable issue and are included in one or more of the Sampling Results sections that follow. However, when projecting the overall number of Title XVI write-offs with errors, we counted only one error for each case.

We made all projections at the 90-percent confidence level.

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<sup>1</sup> The sampled timeframe includes an additional 15 days, October 1 through 15, 2004, which is outside FY 2004.

## Sampling Results

### Overall Results – Write-off Decisions With at Least One Compliance Error

<b>Results and Stratified Projections of Attribute and Variable Appraisals</b>		
<b>Write-Off Decisions With At Least One Compliance Error —Decisions Between \$200.01 and \$75,000</b>		
<b>Attribute Appraisal Projections</b>		
<b>Population and Sample Data</b>	<b>Decisions</b>	
Total Population	60,324	
Sample Size	250	
Write-off Decisions With at Least One Compliance Error — Decision Did Not Comply with SSA's Policies and Procedures	160	
<b>Projection to Population</b>	<b>Projections</b>	
Lower Limit	29,392	
Point Estimate	33,283	
Upper Limit	37,173	
<b>Variable Appraisal Projections</b>		
<b>Population and Sample Data</b>	<b>Dollars</b>	
Total Population	\$76,867,675	
Sample Size	\$700,490	
Write-off Decisions With at Least One Compliance Error — Decision Did Not Comply with SSA's Policies and Procedures	\$543,830	
<b>Projection to Population</b>	<b>Projections</b>	
Lower Limit	\$43,072,889	
Point Estimate	\$48,765,297	
Upper Limit	\$54,457,705	

<b>Write-Off Decisions With At Least One Compliance Error —</b>		
<b>Decisions \$75,000.01 and Greater</b>		
<b>Population and Sample Data</b>	<b>Decisions</b>	<b>Dollars</b>
Total Population	6	\$710,616
Sample Size	6	\$710,616
Write-off Decisions in which at Least One Attribute Did Not Comply with Policies and Procedures	3	\$302,318

**SSA Did Not Always Maintain Documentation of its Development of and Justification for Writing Off the Overpayment**

<b>Results and Stratified Projections of Attribute and Variable Appraisals</b>		
<b>No Evidence Documenting the Development or Justification for Writing Off the Overpayment —Decisions Between \$200.01 and \$75,000</b>		
<b>Attribute Appraisal Projections</b>		
<b>Population and Sample Data</b>	<b>Decisions</b>	
Total Population	60,324	
Sample Size	250	
Decisions With No Evidence Documenting the Development or Justification for Writing Off the Overpayment	124	
<b>Projection to Population</b>	<b>Projection</b>	
Lower Limit	27,083	
Point Estimate	30,986	
Upper Limit	34,888	
<b>Variable Appraisal Projections</b>		
<b>Population and Sample Data</b>	<b>Dollars</b>	
Total Population	\$76,867,675	
Sample Size	\$700,490	
No Evidence Documenting the Development or Justification for Writing Off the Overpayment	\$376,584	
<b>Projection to Population</b>	<b>Projections</b>	
Lower Limit	\$32,528,962	
Point Estimate	\$38,093,616	
Upper Limit	\$43,658,269	

<b>No Evidence Documenting the Development or Justification for Writing Off the Overpayment —Decisions \$75,000.01 and Greater</b>		
<b>Population and Sample Data</b>	<b>Decisions</b>	<b>Dollars</b>
Total Population	6	\$710,616
Sample Size	6	\$710,616
No Evidence Documenting the Development or Justification for Writing Off the Overpayment	1	\$85,162

## Agency Comments



## SOCIAL SECURITY

### MEMORANDUM

**Date:** January 17, 2006 **Refer To:** S1J-3

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

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

**Subject:** Office of the Inspector General (OIG) Draft Report, "The Social Security Administration's Controls over the Write-Off of Title XVI Overpayments" (A-04-05-15041)--INFORMATION

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

Please let me know if you have any questions. Staff inquiries may be directed to Ms. Candace Skurnik, Director, Audit Management and Liaison Staff, at extension 54636.

Attachment:  
SSA Response

**COMMENTS ON THE OFFICE OF THE INSPECTOR GENERAL'S (OIG)  
DRAFT REPORT, "THE SOCIAL SECURITY ADMINISTRATION'S  
CONTROLS OVER THE WRITE-OFFS OF TITLE XVI OVERPAYMENTS"  
(A-04-05-15041)**

Thank you for the opportunity to review and provide comments on this draft report. We agree that to ensure the integrity of the Supplemental Security Income (SSI) program, the appropriate policies and procedures related to write-off decisions should be applied consistently. It should be noted, however, that in 2001, the processing instructions for overpayment decisions in the Program Operations Manual System (POMS) removed the requirement that an SSI Overpayment and Disposition Determination be completed to document the rationale for most overpayment determinations, including those determined to be uncollectible. Processing instructions issued since then address the need to document that a second review has been completed and that the second reviewer concurred with the determination. However, the instructions did not specify that the rationale for that determination had to be recorded in the file. In fact, POMS SI 02220.005C.4 only suggests that the rationale for a determination of uncollectible overpayments should be documented to assist the second reviewer. Additionally, POMS does not state that the rationale should be retained in the case folder.

**Recommendation 1**

Issue a reminder to SSA field office personnel to fully develop and document overpayment write-off decisions, as required by POMS and implement a mechanism to monitor their compliance.

**Comment**

We agree. The current POMS instructions will be revised to provide the specific steps to be taken, detail the criteria that must be met, and clearly identify what documentation is required. We expect to complete the revisions and issue revised POMS by the end of the third quarter of 2006. Additionally, we will ensure that the POMS revisions are presented to the field offices through a transmittal training broadcast.

In terms of implementation of a mechanism to monitor compliance, we are currently developing a project known as "Discrete TAC Codes." When an overpayment determination is made, the "TAC Code" (this is referenced in the report as "transaction code") is recorded to show the disposition of the overpayment. This enhancement, expected to be implemented in late fiscal year 2006, will ensure better documentation of the overpayment disposition process.

We believe the implemented 2-personal identification number (PIN) management approval process, along with updated POMS instructions, will be sufficient monitoring of the documentation used to support proper write-off of uncollectible funds.

## **Recommendation 2**

Issue a reminder and, if necessary, further guidance to SSA field office personnel on the proper disposition of overpayments resulting from Goldberg-Kelly type payments.

### **Comment**

We agree. Additional information to provide explicit direction will be provided in POMS. POMS SI 02301.310B requires the Social Security Administration (SSA) representative to explain to the recipient that he “might” have to repay incorrect payments if he loses the appeal. This section will be revised to include Goldberg-Kelly overpayment information so that field office personnel will be required to provide a recipient with an explanation and to emphasize the recipients’ responsibility to repay incorrect payments made during the appeal period. We will work to clarify the POMS instructions and expect to issue revised POMS by the end of the third quarter of 2006.

## **Recommendation 3**

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

### **Comment**

We agree. Field offices must be reminded that SSA policy requires management review even for those cases when numerous smaller overpayments may exceed the specified tolerance and the system does not automatically present the 2-PIN process. We will issue a reminder to field office personnel by February 2006.

[The Agency also provided technical comments which have been addressed in this report as appropriate.]

## **OIG Contacts and Staff Acknowledgments**

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The Office of the Inspector General (OIG) is comprised of our Office of Investigations (OI), Office of Audit (OA), Office of the Chief Counsel to the Inspector General (OCCIG), and Office of Resource Management (ORM). To ensure compliance with policies and procedures, internal controls, and professional standards, we also have a comprehensive Professional Responsibility and Quality Assurance program.

## **Office of Audit**

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.

## **Office of Investigations**

OI conducts and coordinates investigative activity related to fraud, waste, abuse, and mismanagement in SSA programs and operations. This includes wrongdoing by applicants, beneficiaries, contractors, third parties, or SSA employees performing their official duties. This office serves as OIG liaison to the Department of Justice on all matters relating to the investigations of SSA programs and personnel. OI also conducts joint investigations with other Federal, State, and local law enforcement agencies.

## **Office of the Chief Counsel to the Inspector General**

OCCIG provides independent legal advice and counsel to the IG on various matters, including statutes, regulations, legislation, and policy directives. OCCIG also advises the IG on investigative procedures and techniques, as well as on legal implications and conclusions to be drawn from audit and investigative material. Finally, OCCIG administers the Civil Monetary Penalty program.

## **Office of Resource Management**

ORM supports OIG by providing information resource management and systems security. ORM also coordinates OIG's budget, procurement, telecommunications, facilities, and human resources. In addition, ORM is the focal point for OIG's strategic planning function and the development and implementation of performance measures required by the Government Performance and Results Act of 1993.