
**OFFICE OF
THE INSPECTOR GENERAL**

SOCIAL SECURITY ADMINISTRATION

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

March 2010

A-04-09-19138

AUDIT REPORT



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SOCIAL SECURITY

MEMORANDUM

Date: March 24, 2010

Refer To:

To: The Commissioner

From: Inspector General

Subject: Follow-up: The Social Security Administration's Controls over the Write-off of Title XVI Overpayments (A-04-09-19138)

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. Additionally, we determined the status of corrective actions SSA had taken to address recommendations in our January 2006 report, *The Social Security Administration's Controls over the Write-Off of Title XVI Overpayments* (A-04-05-15041).

BACKGROUND

Title XVI of the *Social Security Act* established the Supplemental Security Income (SSI) program in 1972, effective January 1, 1974, 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 determines 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. If these efforts fail, SSA offsets the overpayment against any current and future payments. For those SSA debtors not receiving benefits, SSA attempts to negotiate a repayment agreement. SSA may also attempt to collect the overpayment from other Federal benefits or by offsetting Federal income tax refunds.¹ In some

¹ 20 C.F.R. §§ 416.574, 416.575, 416.580, 416.590 and SSA Program Operations Manual System (POMS) SI 02220.012.

situations, SSA may waive recovery of an overpayment.² Additionally, in certain circumstances, when SSA determines an overpayment is not collectible, it may elect to terminate future collection efforts and write off the debt.

In Fiscal Year (FY) 2008, SSA's field offices wrote off about \$89 million in SSI overpayments. Generally, SSA field office staff writes off overpayments when

- SSA is under court order not to collect an overpaid amount,
- an administrative law judge declares an overpayment is uncollectible,
- a beneficiary is deceased and all proper efforts to collect the overpayment have proved fruitless, or
- there was early delivery of an SSI check in the month of the recipient's death.

To complete a write-off action for the specified 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 or deceased. SSA policies and procedures require that all overpayment write-off decisions be justified; documented; and, when certain dollar thresholds are met, approved.³ Moreover, Agency policies provide specific instructions for writing off overpayments for debtors who are bankrupt⁴ or deceased.⁵

Our January 2006 report made recommendations to address control weaknesses in SSA's process of writing off Title XVI overpayments. In response to the report, SSA agreed to take the following actions.

- 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 SSA, POMS, SI 02260.001 A.1.

³ SSA, POMS, SI 02220.005. Field office disposition decisions for Title XVI overpayments over \$2,000 must be reviewed and approved by field office management to ensure the decision is technically accurate and in compliance with policy and procedures.

⁴ SSA, POMS, SI 02220.040.

⁵ SSA, POMS, SI 02201.023., in effect September 17, 2001 through October 7, 2009, and POMS, SI 02201.021., effective October 8, 2009.

- 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.⁶
- Ensure all uncollectible overpayment decisions exceeding established thresholds are reviewed and approved by appropriate SSA management officials, as required by POMS.

See Appendix B for the scope and methodology of our review.

RESULTS OF REVIEW

SSA took action on the three recommendations in our January 2006 report. However, our current review again noted that SSA personnel did not always comply with Agency policies and procedures to ensure their decisions to write off SSI overpayments were appropriate. SSA policies and procedures require that all write-offs be justified; documented; and, when certain dollar thresholds are met, approved. However, our review of 250 randomly selected decisions and the 4 highest dollar decisions determined SSA did not always document a justification for the write-off or the required management approval. Additionally, in some cases, SSA incorrectly wrote off overpayments.

In total, 218 (87 percent) of the 250 randomly selected overpayment write-offs had 1 or more compliance errors. As such, we project SSA personnel did not fully comply with SSA policies and procedures for 56,448 FY 2008 overpayment write-offs totaling about \$70.6 million. See Appendix C for our projection methodology. Additionally, three of the four highest dollar overpayment write-off decisions, totaling \$167,318, did not fully comply with SSA's policies and procedures.

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

The majority (76 percent) of write-off errors that lacked justification were related to a beneficiary's death. Given this continued high error rate, we believe SSA must either do more to ensure staff compliance or reevaluate the value of the policy. If SSA

⁶ The U.S. Supreme Court in *Goldberg, Commissioner of Social Services of the City of New York v. Kelly et al.*, 90 Supreme Court Reporter 1011 (1970), ruled that public assistance recipients must receive advance notice of an adverse action and be provided an opportunity to appeal the decision without interruption of benefits. SSA commonly refers to SSI recipients affected by the Supreme Court decision as Goldberg-Kelly cases. According to SSA policy, Goldberg-Kelly type recipients may receive SSI payments until the first level of their appeal is decided. However, payments received during the appeal will be considered overpayments if the disability cessation decision is upheld. SSA, POMS, SI 02301.300. B.1.

determines the current policy requirements are not cost-beneficial, SSA should revise its policy to ensure the best use of its resources while still pursuing collectible overpayments.

SSA PERSONNEL DID NOT ALWAYS DOCUMENT THEIR DEVELOPMENT OF, AND JUSTIFICATION FOR, THE WRITE-OFF OF TITLE XVI 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.⁷ Our review included 250 randomly selected decisions and the 4 highest dollar overpayment write-off decisions from FY 2008. For 205 (82 percent) of the 250 randomly selected write-off decisions, SSA personnel did not maintain relevant and sufficient documentation to justify the decision. Based on our results, we project 55,524 cases, totaling about \$67.2 million, were not adequately documented (see Appendix C).

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 staff document the development of, and justification for, the uncollectible decision.⁸

Our 2006 report recommended that SSA issue a reminder to field office personnel to fully develop and document overpayment write-off decisions and implement a mechanism to monitor their compliance to address these matters. SSA issued an Administrative Message in June 2007 and as recently as April and June 2009, revised overpayment decision policies—which now emphasize that overpayment decisions must be documented.⁹ Because these new policies were issued after our audit period, we did not determine whether they resulted in improved employee compliance. However, our current review identified many 2008 write-off decisions that still lacked documentation to justify the decisions.

Write-off Decisions for Debtors in Current Pay Status

For 24 (12 percent) of the 205 undocumented write-off decisions, the debtors were receiving SSI or other SSA benefits at the time of our audit. Further, 15 of the 24 write-off decisions were made when the beneficiary was in current pay status. We found no evidence to justify the write-off decisions, but we determined that these

⁷ SSA, POMS SI 02220.005 A.

⁸ SSA, POMS, SI 02220.005 C.

⁹ SSA, POMS, SI 02220.005 *Documenting the Supplemental Security Income Overpayment* and SI 02220.053 *Suspension and Termination of Supplemental Security Income Overpayment Recovery Efforts for a Deceased Individual*.

individuals were not deceased and had not filed for bankruptcy protection. The write-offs for these 24 cases totaled \$25,389. 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 benefits.

Write-off Decisions for Deceased Debtors

In 181 (72 percent) of the 250 randomly selected write-off decisions,¹⁰ SSA's records indicated the debt was written off after the recipient's death. However, 155 (86 percent) of the 181 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.¹¹ The total amount written off on these cases was \$459,463. Moreover, 29 of the 155 write-off decisions were for overpayments of \$5,000 or more, which totaled \$254,905.

When the deceased beneficiary's debt is \$5,000 or less, SSA staff can write off the debt after a limited review of the case. Specifically, SSA policy requires that only a notice of overpayment be sent to the estate. SSA instructions state that in Title XVI death cases involving an overpayment, the Agency should terminate collection actions unless (1) there is a responsible payee or spouse, (2) there is a sponsor of an "alien recipient," (3) a refund has been received, (4) there is a "complex overpayment issue," or (5) fraud is involved.¹² For deceased beneficiaries with debt 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.¹³

For 155 (76 percent) of the 205 cases lacking justification, SSA records indicated the beneficiary was deceased. Given the continued high error rate, we believe SSA must do more to ensure staff compliance. That is, the Agency should ensure staff notifies the estate of the overpayment and, if required, investigate the possibility of recovering some of the debt from the estate. However, if SSA determines these actions are not cost-beneficial, the Agency should consider revising policy to establish procedures that would best use SSA resources when collecting overpayments.

¹⁰ The four highest dollar decisions involved a deceased beneficiary. However, these four decisions did not have compliance errors related to estate development. Accordingly, these decisions were not included in this section.

¹¹ SSA, POMS, GN 02215.050 A.

¹² SSA, POMS, SI 02220.053 A.2., and GN 02210.221.B.3.b.

¹³ SSA, POMS, SI 02220.053 A.5., in effect March 6, 2007 through June 10, 2009 and SI 02220.045 C.1., in effect November 7, 1995 through June 10, 2009.

Write-off Decisions when Debtors' Representative Payees had Earnings

For 18 (7 percent) of the 254 write-off decisions (250 randomly selected and 4 over \$50,000), totaling \$102,853, the debtor's representative payee, who may have been responsible for the overpayment, may have had sufficient earnings to repay some or all of the debt. In these 18 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.

According to SSA policy, personnel may attempt to recover an overpayment from the beneficiary's representative payee and should attempt to determine whether the representative payee is solely or jointly liable for the overpayment.¹⁴

Our review of SSA's earnings records found the representative payees' most recent annual earnings available to SSA staff at the time of the write-off decisions ranged from \$12,170 to \$52,090. Although the earnings indicate the representative payees may have been able to repay some of the debt, for the 18 cases, we found no evidence that SSA evaluated their overall financial conditions to determine their ability to pay. We reviewed SSA's Master Earnings File for Tax Years (TY) 2006 through 2008 and found all 18 representative payees had earnings over \$10,000 in each of the TYs. Further, when the write-off decisions were made, SSA field office staff had access to the TY 2006 earnings for all 18 cases and TY 2007 earnings for 10 of the 18 cases. The pattern of continued earnings could indicate the representative payees had some ability to repay the debts.

Table 1 provides details of the representative payee earnings that were available to SSA staff when the overpayment was written off and demonstrates that the representative payees' earnings generally continued and were consistent over the 3-year period 2006 through 2008.

¹⁴ According to SSA, POMS SI 02201.020 B.4., SSA may attempt to recover an overpayment from a representative payee when the overpaid funds (1) were not used for the overpaid individual's support and maintenance or (2) were used for the overpaid individual's support and maintenance and the payee was aware of the facts causing the overpayment.

Table 1: Representative Payee Earnings Available When Overpayments Were Written Off

Case Number	Overpayment Amount	Date of Write-off	Reported Earnings TY 2006	Reported Earnings TY 2007	Reported Earnings TY 2008
1	\$7,937	12/19/2007	\$52,090	\$52,925	\$57,241
2	\$1,152	12/27/2007	\$45,601	\$55,819	\$58,116
3	\$2,283	1/10/2008	\$42,019	\$36,738	\$37,147
4	\$2,865	2/29/2008	\$32,299	\$41,847	\$48,348
5	\$5,310	7/28/2008	\$32,112	\$34,159	\$37,147
6	\$729	1/7/2008	\$29,444	\$31,503	\$33,549
7	\$6,080	8/4/2008	\$24,049	\$39,356	\$37,073
8	\$3,361	6/13/2008	\$23,569	\$18,528	\$11,018
9	\$252	4/29/2008	\$22,992	\$14,809	\$17,951
10	\$2,074	7/8/2008	\$22,820	\$17,949	\$22,460
11	\$8,703	7/7/2008	\$21,568	\$22,833	\$34,017
12	\$55,332	10/25/2007	\$20,820	\$19,419	\$12,285
13	\$250	7/28/2008	\$19,298	\$18,712	\$16,105
14	\$812	7/10/2008	\$18,681	\$18,685	\$18,054
15	\$377	6/9/2008	\$16,180	\$15,222	\$25,175
16	\$2,812	3/20/2008	\$15,271	\$12,555	\$12,446
17	\$2,291	11/27/2007	\$12,656	\$13,147	\$13,510
18	\$233	11/23/2007	\$12,170	\$21,943	\$22,716

Earnings in purple indicate the debtor earnings available when the overpayment was written off.

Our April 2005 report, *The Social Security Administration's Controls over the Suspension of Title XVI Overpayment Collection Efforts*, made two recommendations related to SSA improving its collection efforts from beneficiaries who had representative payees with earnings. First, we recommended that SSA consider clarifying or issuing further guidance for collecting overpayments from a representative payee who is a parent of a minor child/beneficiary. Second, we recommended that SSA personnel match representative payees' earnings to suspended overpayment decisions to identify instances in which some repayment of the debt is possible.

SSA stated it planned to implement the Non-Entitled Debtor (NeD) system to assist in recovering Title XVI debts from representative payees. However, SSA's response did not state that an implementation date had been established for the Title XVI segment of NeD. The project was proposed for FY 2010 funding but was not approved. The project will be resubmitted for FY 2011 funding.

WRITE-OFF DECISIONS WERE INCORRECT

For 12 (5 percent) of the 250 randomly selected write-off decisions, staff incorrectly wrote off the overpayments as uncollectible. The 12 write-offs totaled \$36,649. According to SSA policy, field office staff should only write off overpayments when (1) a court order prohibits SSA from collecting the overpayment, (2) an administrative law judge declares an overpayment is uncollectible, (3) the beneficiary is deceased and

SSA has exhausted all efforts to collect the overpayment, or (4) there was an early delivery of an SSI check in the month of the recipient's death.

SSA staff wrote off overpayments for various reasons not set forth in policy. For example, staff wrote off erroneous payments when SSA determined a beneficiary was in a nursing home and unable to repay the debt or out of the country. Staff also used write-off decisions to adjust overpayment amounts and delete erroneous overpayments.

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 dollar thresholds. Of the 125 write-off decisions, 26 (21 percent) lacked evidence of the required supervisory review. The overpayments written off on these 26 decisions totaled \$121,092. Field office staff processed the write-off actions for all 26 cases. Additionally, three of the four write-offs greater than \$50,000, totaling \$167,318, were not approved in accordance with SSA national instructions.

Field office personnel may write off uncollectible overpayments under \$2,000 without supervisory approval. However, write-off decisions for overpayments at least \$2,000.01 but less than \$20,000 must have field office management approval. The overpayments written off on these 26 cases ranged from \$2,116 to \$18,850. Field office management review and approval is documented through a "2-PIN" process. Non-supervisory staff must enter a personal identification number (PIN) to access and develop the write-off decision in SSA's Modernized Supplemental Security Income Claims System (PIN 1). Then, field office management must enter a PIN in the system to authorize posting the decision (PIN 2).¹⁵

SSA staff explained that write-off decisions were "controlled" through the Recovery and Collection of Overpayments System (RECOOP),¹⁶ which is used at the program service center level or in certain situations by field offices. Staff further explained that when overpayments are controlled by RECOOP, write-off decisions made at field offices are not subject to the 2-PIN process. SSA representatives explained that the reasoning behind the procedure was that SSA had no data to indicate there was either "decisional" or "documentation" errors in RECOOP overpayment disposition decisions. However, we found 23 of the 26 decisions had documentation and/or decisional errors.

¹⁵ SSA, POMS, SI 02220.005 A.

¹⁶ RECOOP is a billing and follow-up system used in SSA's debt management process. RECOOP consolidates and controls all debt management activities for certain Title II and Title XVI overpayments. RECOOP interfaces with SSA's Supplemental Security Record (Title XVI) system and the billing and remittance functions of the Debt Management System.

We found a similar issue regarding the approval of overpayment decisions in our September 2009 report, *Follow-up: The Social Security Administration's Controls over Suspending Collection Efforts on Title XVI Overpayments (A-04-09-19039)*. In that report, SSA agreed that policy in effect during our audit period required the 2-PIN approval process for overpayment decisions made at the field office level. However, SSA further explained policy was revised in May 2009 to state that the 2-PIN approval process did not apply for suspension decisions controlled by RECOOP.¹⁷ Because the overpayment decisions controlled through RECOOP had a high compliance error rate, we recommended that SSA reconsider the revision to its May 2009 policy. Given that our current review also found write-off decisions controlled through RECOOP had a high compliance error rate, we recommend that SSA reconsider its policy in which the 2-PIN process does not apply to overpayment decisions controlled through RECOOP.

We also reviewed the four highest dollar write-off decisions. All four of the write-offs exceeded \$50,000 and totaled \$259,264. For two of the four decisions, we found no evidence of the required management approval. One other case was approved in accordance with regional policy but was not consistent with SSA's national policy. The overpayments for the write-off decisions exceeded \$20,000 and required the approval of an Assistant Regional Commissioner for Management and Operations Support (ARC-MOS). SSA's records indicated that the three beneficiaries were deceased at the time of the write-off decision. Table 2 details the three write-offs exceeding \$20,000 for which we found no evidence of the required ARC-MOS approval.

Table 2: Uncollectible Decisions that Exceeded \$20,000

	Overpayment Amount	Write-off Date	Date of Death
1	\$55,332	10/25/2007	06/29/1996
2	\$56,219	10/18/2007	02/26/2007
3	\$55,767	10/25/2007	07/30/2005
	\$167,318		

In the first case, SSA field office management wrote the case off to suspend collection efforts pending an Office of the Inspector General criminal investigation.¹⁸ SSA explained that ARC-MOS approval was not obtained because the field office did not intend to actually write-off the overpayment. A criminal conviction resulted and restitution of the overpayment was ordered. SSA should reverse the write-off.

In the second case, SSA wrote off the overpayment as part of an accounting adjustment to move the overpayment from the deceased beneficiary's record to the spouse's record. SSA staff explained that, because the action was not a true write-off, they believed ARC-MOS approval was not required.

¹⁷ SSA, POMS, SI 02220.005.A.

¹⁸ The beneficiary died June 1996; however, the death was not reported to SSA. The deceased beneficiary continued to receive benefit checks that a third party converted to cash.

In the third case, SSA's efforts to locate the deceased beneficiary's estate were unsuccessful. The write-off was then approved by regional staff from the Center for Program Support in accordance with regional policy. This regional policy delegated authority to approve overpayment write-offs exceeding \$20,000 to the Center for Program Support Specialist—even though national SSA policy required that the ARC-MOS approve these write-offs.¹⁹

Our prior report recommended that SSA ensure all uncollectible overpayment decisions exceeding established thresholds are reviewed and approved by appropriate SSA management officials, as required by POMS. SSA issued an Administrative Message reminding staff that management review and approval of overpayment write-off decisions was required and important. However, our current review found high-dollar write-off decisions still lacked appropriate 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 debtors had a representative payee with sufficient earnings to prompt case development and generate debt repayment. Additionally, decisions developed by field office staff lacked evidence of a supervisory review.

Although SSA took corrective actions on the recommendations in our prior report, we found similar conditions existed in our current audit. To avoid duplication, we are not restating the recommendations from our previous report. However, we reiterate the need for SSA to ensure (1) field office staff complies with SSA requirements by fully developing and documenting overpayment write-off decisions and (2) all overpayment write-off decisions exceeding established thresholds are reviewed and approved by appropriate SSA management officials, as required by policy.

Additionally, we recommend that SSA:

1. Continue to urge staff compliance with existing policy when writing off Title XVI overpayments and hold accountable those employees who do not follow established criteria.
2. Determine whether the policy and procedures for collecting overpayments from deceased beneficiaries are an efficient use of SSA resources. If necessary, revise the current policy.
3. Implement a mechanism to ensure SSA field office personnel fully develop and document overpayment write-off decisions, as required by POMS.

¹⁹ SSA, POMS, SI BOS 02220.005.

4. Reverse the \$55,332 overpayment write-off for which restitution has been ordered.
5. Determine whether it is permissible for regional offices to delegate write-off authority for debts greater than \$20,000 to staff other than the ARC-MOS.

AGENCY COMMENTS

SSA agreed with all our recommendations. See Appendix D for the full text of SSA's comments.

A handwritten signature in black ink, appearing to read "Pat P. O'Carroll, Jr.", with a stylized flourish at the end.

Patrick P. O'Carroll, Jr.

Appendices

APPENDIX A – Acronyms

APPENDIX B – Scope and Methodology

APPENDIX C – Sampling Methodology and Results

APPENDIX D – Agency Comments

APPENDIX E – OIG Contacts and Staff Acknowledgments

Acronyms

ARC-MOS	Assistant Regional Commissioner for Management and Operations Support
C.F.R.	Code of Federal Regulations
FY	Fiscal Year
NeD	Non-Entitled Debtor
OPDD	Overpayment Decision Data
PIN	Personal Identification Number
POMS	Program Operations Manual System
RECOOP	Recovery and Collection of Overpayments System
SSA	Social Security Administration
SSI	Supplemental Security Income
TY	Tax Year

Scope and Methodology

To accomplish our objectives, we reviewed 254 Title XVI overpayments written off by Social Security Administration (SSA) field offices in Fiscal Year (FY) 2008. 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 \$50,000, and (3) 4 write-offs \$50,000.01 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.

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.¹ 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 sections of SSA POMS that govern overpayment write-offs under Title XVI of the *Social Security Act*.
- Reviewed previous Office of the Inspector General reports pertaining to Supplemental Security Income overpayments.
- Queried and reviewed overpayment write-off information from SSA's Supplemental Security Record, Modernized Supplemental Security Income Claims System, Modernized Development Worksheet, and Debt Management System.
- Queried and reviewed SSA's Master Earnings File.
- Queried U.S. Bankruptcy Court records available in its Public Access to Court Electronic Records system.

¹ Field office disposition decisions for Title XVI overpayments over \$2,000 require supervisory approval.

We performed our audit work in Atlanta, Georgia, from April through September 2009. 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 Budget, Finance and Management; Operations; and Retirement and Disability Policy. We conducted our audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe the evidence obtained provides reasonable basis for our findings and conclusions based on our audit objectives.

Sampling Methodology and Results

SAMPLING METHODOLOGY

In total, we reviewed a sample of 254 Title XVI overpayment write-off decisions from Fiscal Year (FY) 2008. Our sample 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 \$50,000, and (3) 4 write-offs \$50,000.01 or greater. 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. 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	56,280	\$43,367,329	125	\$85,660
\$2,000.01 to \$50,000	8,889	45,329,050	125	598,084
\$50,000.01 and Greater	4	259,264	4	259,264
Totals	65,173	\$88,955,643	254	\$943,008

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.¹ 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.

¹ According to Program Operations Manual System, SI 02220.005, field office disposition decisions for Title XVI overpayments over \$2,000 must be reviewed and approved by field office management.

SAMPLING RESULTS

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

Results and Stratified Projections of Attribute and Variable Appraisals	
Write-off Decisions with at Least One Compliance Error – Decisions Between \$200.01 and \$50,000	
Attribute Appraisal Projections	
Population and Sample Data	Decisions
Total Population	65,169
Sample Size	250
Write-off Decisions with at Least One Compliance Error – Decision Did Not Comply with SSA's Policies and Procedures	218
Projection to Population	Projections
Lower Limit	53,570
Point Estimate	56,448
Upper Limit	59,326
Variable Appraisal Projections	
Population and Sample Data	Dollars
Total Population	\$88,696,379
Sample Size	\$683,744
Write-off Decisions with at Least One Compliance Error – Decision Did Not Comply with SSA's Policies and Procedures	\$608,747
Projection to Population	Projections
Lower Limit	\$64,737,995
Point Estimate	\$70,622,614
Upper Limit	\$76,507,232

Write-off Decisions with at Least One Compliance Error – Decisions \$50,000.01 and Greater		
Population and Sample Data	DECISIONS	DOLLARS
Total Population	4	\$259,264
Sample Size	4	\$259,264
Write-off Decisions with at Least One Compliance Error – Decision Did Not Comply with SSA's Policies and Procedures	3	\$167,318

SSA Did Not Always Maintain Documentation of Its Development of, and Justification for, Writing Off the Overpayment

Results and Stratified Projections of Attribute and Variable Appraisals	
No Evidence Documenting the Development or Justification for Writing Off the Overpayment – Decisions Between \$200.01 and \$50,000	
Attribute Appraisal Projections	
Population and Sample Data	Decisions
Total Population	65,169
Sample Size	250
Decisions with No Evidence Documenting the Development or Justification for Writing Off the Overpayment	205
Projection to Population	Projections
Lower Limit	52,626
Point Estimate	55,524
Upper Limit	58,422
Variable Appraisal Projections	
Population and Sample Data	Dollars
Total Population	\$88,696,379
Sample Size	\$683,744
No Evidence Documenting the Development or Justification for Writing Off the Overpayment	\$561,280
Projection to Population	Projections
Lower Limit	\$61,151,145
Point Estimate	\$67,247,149
Upper Limit	\$73,343,153

Agency Comments



SOCIAL SECURITY

MEMORANDUM

Date: March 4, 2010 **Refer To:** S1J-3

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

From: James A. Winn /s/
Executive Counselor to the Commissioner

Subject: Office of the Inspector General (OIG) Draft Report, "Follow-Up: The Social Security Administration's Controls over the Write-Off of Title XVI Overpayments" (A-04-09-19138)--
INFORMATION

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

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

Attachment

COMMENTS ON THE OFFICE OF THE INSPECTOR GENERAL (OIG) DRAFT REPORT, “FOLLOW-UP: THE SOCIAL SECURITY ADMINISTRATION’S CONTROLS OVER THE WRITE-OFF OF TITLE XVI OVERPAYMENTS” (A-04-09-19138)

We reviewed the draft report. In the report you acknowledge that we revised overpayment policies in April and June of 2009. We took these actions based on recommendations from your 2006 report, (A-04-05-15041) “The Social Security Administration’s Controls over the Write-Off of Title XVI Overpayments.”

We believe that you should delete the following statement on page 4 of the report, “We acknowledge the new instructions SSA issued, but continue to believe field office staff must be more diligent when processing these actions and should be held accountable if they do not comply.” This statement is not factually based or supported by audit work. The audit period is FY 2008. Your statement reflects reviews of 2008 overpayment cases that pre-date the April 2009 and June 2009 policy revisions.

Our responses to the specific recommendations are below.

Recommendation 1

Continue to urge staff compliance with existing policy when writing off Title XVI overpayments and hold accountable those employees who do not follow established criteria.

Comment

We agree. We have already issued revised overpayment policies in 2009 and we will continue to urge staff to comply with existing policies regarding writing off Title XVI overpayments. As a reminder, we will issue an Administrative Message (AM) on the subject in FY ‘10.

Additionally, employees who do not follow the current policies and procedures on writing off Title XVI overpayments are held accountable. If it is determined that actions are improper, employees can be subject to disciplinary actions under existing agency guidelines.

Recommendation 2

Determine whether the policy and procedures for collecting overpayments from deceased beneficiaries are an efficient use of SSA resources. If necessary, revise the current policy.

Comment

We agree and have taken action to ensure that our current policies for collecting overpayments from deceased beneficiaries are an efficient use of our resources. We reviewed our policies and procedures and revised our policy instructions in June 2009 to include new policies for 1) when we will pursue recovery from an estate, a spouse, a representative payee, or alien sponsor, 2)

when to refer recovery from an estate to the Department of Justice (we also added that estate development is the same for Title II and Title XVI), and 3) when to hold a representative payee solely liable for certain payments received after the month of the recipient's death.

Recommendation 3

Implement a mechanism to ensure SSA field office personnel fully develop and document overpayment write-off decisions, as required by POMS.

Comment

We agree that a POMS compliant mechanism is essential to ensure accurate overpayment write-off decisions. The Onsite Security Control and Audit Review (OSCAR) process is currently used to evaluate overpayment write-off determinations. Regional offices and field office management personnel will continue to use the OSCAR process to develop and document overpayments.

Recommendation 4

Reverse the \$55,332 overpayment write-off for which restitution has been ordered.

Comment

We agree. We will take the necessary action to reverse the \$55,332 overpayment write-off due to the order for restitution.

Recommendation 5

Determine whether it is permissible for regional offices to delegate write-off authority for debts greater than \$20,000 to staff other than the ARC-MOS.

Comment

We agree. We will evaluate the current policy, make any necessary changes, and ensure consistent national application of this write-off authority.

OIG Contacts and Staff Acknowledgments

OIG Contacts

Kimberly A. Byrd, Director, Atlanta Audit Division

Frank Nagy, Audit Manager

Acknowledgments

In addition to those named above:

Lisa M. Swanson, Senior Auditor

For additional copies of this report, please visit our web site at www.socialsecurity.gov/oig or contact the Office of the Inspector General's Public Affairs Staff Assistant at (410) 965-4518. Refer to Common Identification Number A-04-09-19138.

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