OFFICE OF
THE INSPECTOR GENERAL

SOCIAL SECURITY ADMINISTRATION

MANUAL COMPUTATI0NS OF
SUPPLEMENTAL SECURITY
INCOME PAYMENTS

June 2010   A-07-09-19060

AUDIT REPORT

Mission

By conducting independent and objective audits, evaluations and investigations, we inspire public confidence in the integrity and security of SSA's programs and operations and protect them against fraud, waste and abuse. We provide timely, useful and reliable information and advice to Administration officials, 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

We strive for continual improvement in SSA's programs, operations and management by proactively seeking new ways to prevent and deter fraud, waste and abuse. We commit to integrity and excellence by supporting an environment that provides a valuable public service while encouraging employee development and retention and fostering diversity and innovation.

SOCIAL SECURITY

OBJECTIVE

The objective of our review was to determine whether the Social Security Administration's (SSA) internal controls were adequate to ensure that manual computations of Supplemental Security Income (SSI) payments were calculated and reviewed in accordance with SSA policies and procedures.

BACKGROUND

The SSI program is a national Federal cash assistance program administered by SSA that provides a minimum level of income to financially needy individuals who are aged, blind, or disabled.[1] SSI recipients are required to report events and changes of circumstances that may affect their eligibility and payment amounts—including changes in income, resources, and living arrangements.[2]

In some cases, SSA's automated system cannot compute an accurate SSI payment. This most often occurs when a recipient reports an event that impacts SSI payments that have already been issued. As a result, an SSA employee must manually compute the SSI payment amount the recipient should have been paid. The manually computed amount is also used to compute any under- or overpayments resulting from the event. Examples of events that are not typically reported to SSA until after they occur include changes in living arrangements, resources, and marital status.

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

[2] The *Social Security Act* § 1631(e)(1); 42 U.S.C. § 1383(e)(1); 20 C.F.R. §§ 416.701 and 416.708.

RESULTS OF REVIEW

We reviewed a sample of 275 SSI recipients who received SSI payments between July 1, 2006 and June 30, 2008 based on 1 or more manual computations.[3] Our review found that manual computations were not always accurate or updated when necessary. Specifically, for the 275 SSI recipients, we found:

- 82 SSI recipients had at least 1 manual computation that was not calculated accurately. Because of inaccurate calculations, we project that 14,393 recipients in our population were overpaid approximately $7.7 million, and 18,453 recipients were underpaid approximately $6.7 million.

- 18 SSI recipients already receiving SSI payments based on an existing manual computation did not have a new manually computed SSI payment amount when a subsequent event occurred—such as a change in resources. Therefore, we project that 2,952 recipients in our population were overpaid approximately $968,000, and 3,691 recipients were underpaid approximately $608,000.[4, 5]

Further, based on the manual computations that were not accurate or updated during the 2-year period covered by our review, we believe that SSA continued to inaccurately pay SSI recipients for the 12 months following our review period. Specifically, we estimate that SSA overpaid recipients about $4.4 million[6] and underpaid recipients about $3.7 million[7] for the period July 2008 through June 2009.

Our review also found that manual computations were not always reviewed by a second employee, as required by SSA policies and procedures. In addition, we found that some manual computations that were reviewed by a second employee were still inaccurate.

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[3] Manual computations can be performed through the force-due, force-pay, one-time payment, or start-date processes. Our review focused on manually computed SSI payments performed through the force-due process. See Appendix B for Scope and Methodology.

[4] Some recipients in our sample had multiple manual computations during the period covered by our review. We found three recipients had at least one manual computation that was not calculated accurately and had an existing manual computation that was not updated when a subsequent event occurred.

[5] We sent the results of our sample review to SSA for verification, and its responses were incorporated into our analysis.

[6] See Appendix C, Table C-7.

[7] See Appendix C, Table C-8.

INACCURATE MANUAL COMPUTATIONS

We reviewed a sample of 275 SSI recipients who received SSI payments between July 1, 2006 and June 30, 2008 based on 1 or more manual computations. Our review identified 82 SSI recipients who had at least 1 manual computation that was not calculated accurately.[8] Based on our sample, we project that manual computations were not calculated accurately for 30,262 of the 101,489 recipients in our population.[9] As a result of the inaccurate computations, we project that 14,393 recipients were overpaid a total of approximately $7.7 million, and 18,453 recipients were underpaid a total of approximately $6.7 million.[10] Further, based on these inaccurate manual computations, we estimate that SSA overpaid recipients about $3.9 million[11] and underpaid recipients about $3.4 million[12] during the period July 2008 through June 2009.

The inaccurate manual computations most likely occurred because an SSA employee did not properly consider all factors that affected the resulting SSI payment amount, as required by SSA policy.[13] These factors included living arrangements, income, and resources. For example, in March 2007, an SSI recipient separated from her husband, who was receiving Disability Insurance (DI) and SSI payments. Before the separation, and in accordance with SSA's policy, the husband's benefits were considered in determining the recipient's SSI payment amount.[14] When SSA became aware of the separation, an SSA employee made a manual computation to determine the amount of the SSI payment the recipient should have received beginning in April 2007.[15] The manual computation properly removed the recipient's husband's DI benefits and

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[8] We found 3 of the 82 recipients who had at least 1 manual computation that was not calculated accurately also had an existing manual computation that was not updated when a subsequent event occurred.

[9] See Appendix C, Table C-3.

[10] Some recipients in our sample had multiple manual computations during the period covered by our review. As a result, each manual computation could result in a recipient being overpaid or underpaid. Therefore, the 14,393 recipients we project as overpaid and the 18,453 recipients we project as underpaid do not equal the 30,262 recipients we project as paid inaccurately. See Appendix C, Table C-3.

[11] See Appendix C, Table C-7.

[12] See Appendix C, Table C-8.

[13] SSA, POMS SI 02005.090.

[14] 20 C.F.R. §§ 416.1120, 416.1121, and 416.1123.

[15] SSA policy states that, when a couple separates, the change is effective with the first of the month following the month of change (SSA, POMS SI 02005.030). Therefore, the couple's separation in March was not effective for SSI payment purposes until April.

considered the fact that she was no longer part of an eligible couple.[16] However, the husband continued to pay rent for the recipient. SSA counted this rent as in-kind support and maintenance, which is unearned income, for the recipient when the SSI payment for April through June 2007 was manually computed.[17] As a result, the recipient was paid $415 per month. However, the unearned income should not have reduced the recipient's SSI payment amount until June 2007.[18] Therefore, the recipient was underpaid $208 each month, for a total of $416, until the payment became accurate in June.

SSA has a policy to ensure the accuracy of manual computations. Specifically, the policy requires that a qualified employee, designated by management, authorize a manual computation. In addition, a second employee is required to review the manual computation and document the review in the electronic system or on the proper form.[19] However, it appears that SSA employees may not have been following this policy.

We determined that the 275 SSI recipients in our sample had 625 manual computations. Of these, we found no evidence that 459 (73 percent) were reviewed by a second employee.[20] Further, we found that 104 (23 percent) of the 459 computations that were not reviewed by a second employee were inaccurate.[21, 22]

Assuming the population of manual computations exhibits characteristics similar to our sample findings, we estimate that the 101,489 SSI recipients in our population had a total of 230,380 manual computations.[23] We estimate that 168,177 of the

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[16] An eligible couple is defined as two individuals who are both eligible for SSI, considered spouses for SSI purposes, and living in the same household (20 C.F.R. § 416.1801).

[17] 20 C.F.R. § 416.1130.

[18] SSA Handbook §2183.

[19] In April 2009, SSA updated this policy for reviewing manual computations. The new policy added clarification about who should conduct the review and provided guidance on how the review should be conducted and documented.

[20] For the manual computations we identified as not reviewed by a second employee, SSA stated that a review had been performed for some. However, SSA could not provide documentation supporting the review. Since we could not confirm that a review was performed, we considered these as not reviewed.

[21] See Appendix C, Table C-4.

[22] Our review identified 82 SSI recipients with at least 1 manual computation that was not calculated accurately. These 82 recipients had a total of 138 inaccurate manual computations. Of these 138 inaccurate computations, 104 (75 percent) were not reviewed by a second employee.

[23] See Appendix C, Table C-1.

230,380 manual computations were not reviewed by a second employee. Further, we estimate that 38,681 of the 168,177 manual computations that were not reviewed were inaccurate.[24]

We also found that a review by a second employee did not always guarantee the accuracy of the manual computation. We determined that 166 (27 percent) of the 625 manual computations were reviewed by a second employee. However, 34 (20 percent) of the 166 manual computations that were reviewed by a second employee were inaccurate.[25]

Assuming the population of manual computations exhibits characteristics similar to our sample findings, we estimate that 62,203 of the 230,380 manual computations were reviewed by a second employee. However, 12,441 of the 62,203 manual computations that were reviewed by a second employee were inaccurate.[26]

Given the high rate of manual computations our review identified as inaccurate, including those that had a review by a second employee, SSA should provide refresher training to staff who prepare and review manual computations. In addition, SSA should remind staff that the review of manual computations by a second employee should be performed and documented.

MANUAL COMPUTATIONS WITH SUBSEQUENT ERRORS

Our review of the sample of 275 SSI recipients identified 18 recipients who did not have a new manually computed SSI payment amount when a subsequent event occurred—such as a change in resources.[27] These recipients were already receiving SSI payments based on an existing manual computation.

Based on our sample, we project that SSA did not manually compute a new SSI payment amount when a subsequent event occurred for 6,643 recipients in our population.[28] Because a new payment amount was not computed to reflect the subsequent event, we project that 2,952 recipients were overpaid a total of approximately $968,000, and 3,691 recipients were underpaid a total of

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[24] See Appendix C, Table C-4.

[25] See Appendix C, Table C-5.

[26] See Appendix C, Table C-5.

[27] We found that 3 of the 18 recipients who had an existing manual computation that was not updated when a subsequent event occurred also had at least one manual computation that was not calculated accurately.

[28] See Appendix C, Table C-6.

approximately $608,000.[29] Further, based on these manual computations that did not have a new computation made when a subsequent event occurred, we estimate that SSA overpaid recipients about $484,000,[30] and underpaid recipients about $304,000[31] during the period July 2008 through June 2009.

SSA most likely did not manually compute a new SSI payment amount because it did not recognize a subsequent event had occurred. The subsequent events that were not recognized included changes in income, resources, and spouse's eligibility for SSI. For example, for the period July through November 2007, one recipient in our sample had her SSI payments manually computed because she separated from her spouse. However, the manual computation amount should have been adjusted for September 2007 because the recipient had excess resources.[32] The computation was not adjusted, and the recipient was paid $856 for the month of September. Since a payment was not due for September, the recipient was overpaid $856 during the period covered by the manual computation.

SSA has a policy to ensure manually computed SSI payments remain appropriate. Specifically, the policy requires that recipients with an existing manual computation in place be reviewed to

- determine whether the manual computation is still needed;
- update the payment amount if there were changes in income, living arrangement, or other post-eligibility factors; and
- update the payment amount to include cost-of-living increases.

SSA identifies individuals with a manually computed SSI payment at the end of each quarter. A list of these individuals is published on the New York Regional Office's Force Pay Listings Website. SSA policy instructs field office employees to review the individuals who appear on the list. However, this policy does not state how frequently field office employees are to review the individuals on the list.

Inaccurate payments can result if field office employees do not conduct a timely review of the list to ensure the computation amounts are adjusted to reflect changes that may affect SSI payments. Therefore, we recommend SSA update its policy to provide additional guidance to field office employees on how frequently the listing should be reviewed to determine whether manually computed SSI payments remain appropriate.

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[29] The existing manual computation that the subsequent event affected for these recipients was computed accurately. Therefore, the inaccurate payments made to recipients as a result of a subsequent event are not included in the inaccurate payments made to recipients as a result of an inaccurate manual computation previously discussed in the report. See Appendix C, Table C-6.

[30] See Appendix C, Table C-7.

[31] See Appendix C, Table C-8.

[32] An individual (or couple) with countable resources in excess of the applicable limit (which is set by statute) is not eligible for Federal SSI (SSA, POMS SI 01110.003).

CONCLUSION AND RECOMMENDATIONS

Our review identified weaknesses in SSA's manual computation process. We found that manual computations were not always accurately calculated by SSA employees, resulting in some SSI recipients being overpaid and some being underpaid.

In addition, a large percentage of manual computations was not reviewed by a second employee, as required by SSA policy. Furthermore, some manual computations that were reviewed by a second employee were still inaccurate.

We also found that SSA employees did not always update existing manually computed SSI payment amounts when subsequent events occurred. Accordingly, some SSI recipients were overpaid, and some were underpaid.

SSA has taken action to resolve some of the SSI payment errors we identified. As of February 2010, SSA had assessed four overpayments and nine underpayments for recipients we identified as being paid incorrectly.

We recommend SSA:

1. Take corrective action to properly resolve all SSI payment errors for recipients in our sample.

2. Provide refresher training to staff who prepare and review manual computations.

3. Remind staff that the review of manual computations by a second employee should be performed and documented.

4. Update its policy to provide additional guidance to field office employees on how frequently the Force Pay Listing should be reviewed to determine whether manually computed SSI payments remain appropriate.

AGENCY COMMENT

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

Patrick P. O'Carroll, Jr.

Appendices

Acronyms

C.F.R.	Code of Federal Regulations
DI	Disability Insurance
POMS	Program Operations Manual System
SSA	Social Security Administration
SSI	Supplemental Security Income
SSR	Supplemental Security Record
U.S.C.	United State Code

Scope and Methodology

To accomplish our objective, we:

- Reviewed applicable Federal laws and regulations and pertinent sections of the Program Operations Manual System related to manual computations of Supplemental Security Income (SSI) payments.

- Interviewed individuals from the Kansas City Office of the Regional Commissioner's Center for Program Support to obtain an understanding of the manual computation process.

- Obtained a file of 101,489 SSI recipients who received SSI payments between July 1, 2006 and June 30, 2008 based on 1 or more manual computations, as identified on the Supplemental Security Record (SSR). From this file, we selected a random sample of 275 SSI recipients. For each sampled recipient we:

  - ✓ Analyzed recipient information available on the Social Security Administration's (SSA) electronic systems—including the SSR and the Online Retrieval System.
  - ✓ Identified the number of manual computations for each recipient and estimated the total manual computations in the population.
  - ✓ Identified why a manual computation was required.
  - ✓ Determined whether the manual computation was accurate.
  - ✓ Identified the amount over- or underpaid if the manual computation was inaccurate and projected the results to the population.
  - ✓ Determined whether the manual computation was reviewed in accordance with SSA policy.

- Sent the results of our sample review to SSA for verification and incorporated its responses into our analysis.

We conducted our audit in Kansas City, Missouri, from January 2009 through January 2010. We determined the data used for this audit were sufficiently reliable to meet our objective. The entity audited was the Office of 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 objectives. We believe the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Sampling Methodology and Results

We obtained a data extract—from all segments of the Social Security Administration's (SSA) Supplemental Security Record (SSR)—that contained all recipients who received Supplemental Security Income (SSI) payments between July 1, 2006 and June 30, 2008 based on one or more manual computations. From the extract, we identified a population of 101,489 SSI recipients and selected a random sample of 275 for review.

We determined that the 275 recipients in our sample had 625 manual computations on the SSR. Therefore, we estimate that the 101,489 recipients in the population had a total of 230,380 manual computations.[1] See Table C-1.

Table C-1: Manual Computations for SSI Recipients in Total Population	
Recipients in Population	101,489
Recipients in Sample	275
Number of Manual Computations for Sampled Recipients	625
Average Number of Manual Computations Per Recipient (625 divided by 275)	2.27
Estimated Number of Manual Computations for Recipients in Total Population (101,489 multiplied by 2.27)	230,380

Of the 275 SSI recipients in our sample, we determined that 82 had 1 or more manual computations that were not calculated accurately. These inaccurate calculations resulted in inaccurate payments. Specifically, 39 recipients were overpaid a total of $20,964, and 50 recipients were underpaid a total of $18,206. See Table C-2.

Some recipients in our sample had multiple manual computations during the period covered by our review. As a result, each manual computation could result in an error and the recipient being overpaid for some computations and/or underpaid for others. Therefore, the 39 recipients overpaid and the 50 recipients underpaid do not add to the 82 recipients paid inaccurately because 7 recipients received both over- and underpayments.

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[1] To determine the number of manual computations for the 275 recipients in our sample, we performed detailed analysis of the recipients' SSR. Since it was not practical to conduct similar analysis on the entire population, we estimated the total number of manual computations for the population.

Table C-2: Recipients with Inaccurate Payments	
Number of Recipients Inaccurately Paid	82
Overpayments	
Payment Results	**Number of Recipients**
One Overpayment	22
Multiple Overpayments	10
Both Overpaid and Underpaid[2]	7
Total Recipients Overpaid	39
Total Dollars Overpaid	$20,964
Underpayments	
Payment Results	**Number of Recipients**
One Underpayment	27
Multiple Underpayments	16
Both Overpaid and Underpaid[2]	7
Total Recipients Underpaid	50
Total Dollars Underpaid	$18,206

Based on the results of our review, we project that SSA inaccurately paid 30,262 of the 101,489 SSI recipients in our population because their manual computations were not accurately calculated. Specifically, 14,393 recipients were overpaid $7,736,724, and 18,453 recipients were underpaid $6,718,882. See Table C-3.

Some recipients in our sample had multiple manual computations during the period covered by our review. As a result, each manual computation could result in an error and the recipient being overpaid for some computations and underpaid for others. Therefore, the 14,393 recipients overpaid and the 18,453 recipients underpaid do not add to the 30,262 recipients paid inaccurately.

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[2] These seven recipients had multiple manual computations during the period covered by our review. As a result, these recipients were overpaid for some computations and underpaid for others. The subsequent over- or underpayment amount attributed to each recipient is included in the appropriate section of Table C-2.

Table C-3: Inaccurate Manual Computations	
Population Size	101,489
Sample Size	275
Number of SSI Recipients Paid Inaccurately	
Recipients Identified in Sample	82
Projected Quantity in Universe	30,262
Lower Limit - Quantity	25,661
Upper Limit - Quantity	35,196
Number of SSI Recipients Overpaid	
Recipients Identified in Sample	39
Projected Quantity in Universe	14,393
Lower Limit - Quantity	11,007
Upper Limit - Quantity	18,377
Associated Dollar Amount - Overpayments	
Overpayments Identified in Sample[3]	$20,964
Point Estimate	$7,736,724
Projection Lower Limit	$3,934,897
Projection Upper Limit	$11,538,551
Number of SSI Recipients Underpaid	
Recipients Identified in Sample	50
Projected Quantity in Universe	18,453
Lower Limit - Quantity	14,665
Upper Limit - Quantity	22,769
Associated Dollar Amount - Underpayments	
Underpayments Identified in Sample[3]	$18,206
Point Estimate	$6,718,882
Projection Lower Limit	$4,250,650
Projection Upper Limit	$9,187,114

Note: The projections in this table were calculated at the 90-percent confidence level.

We determined that 459 (73 percent) of the 625 manual computations were not reviewed by a second employee, as required by SSA policy. Of these 459 computations, 355 (77 percent) were accurate, and 104 (23 percent) were inaccurate.

Based on the results of our analysis, we estimate that SSA did not review 168,177 of the 230,380 manual computations as required by SSA policy. Of the 168,177 computations not reviewed, we estimate 129,496 (77 percent) were accurate, and 38,681 (23 percent) were inaccurate. See Table C-4.

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[3] A portion of this amount includes State Supplements, which are monies paid to the recipient by the Federal Government on behalf of the State.

Table C-4: Manual Computations Not Reviewed	
Manual Computations Not Reviewed in Total Population	
Total Number of the 625 Manual Computations that Were Not Reviewed	459
Percent of Manual Computations that Were Not Reviewed for Sampled Recipients (459 divided by 625)	73%
Estimated Number of Manual Computations that Were Not Reviewed in Total Population (230,380 multiplied by 73%)	168,177
Accurate Manual Computations Not Reviewed for Recipients in Total Population	
Number of the 459 Manual Computations that Were Not Reviewed that Were Accurate	355
Percent of Manual Computations that Were Not Reviewed for Sampled Recipients that Were Accurate (355 divided by 459)	77%
Estimated Number of Manual Computations that Were Not Reviewed for Total Population that Were Accurate (168,177 multiplied by 77%)	129,496
Inaccurate Manual Computations Not Reviewed for Recipients in Total Population	
Number of the 459 Manual Computations that Were Not Reviewed that Were Inaccurate	104
Percent of Manual Computations that Were Not Reviewed for Sampled Recipients that Were Inaccurate (104 divided by 459)	23%
Estimated Number of Manual Computations that Were Not Reviewed for Total Population that Were Inaccurate (168,177 multiplied by 23%)	38,681

We determined that 166 (27 percent) of the 625 manual computations were reviewed by a second employee. However, of these 166 computations, we found 132 were accurate, and 34 were inaccurate.

Based on the results of our analysis, we estimate that SSA reviewed 62,203 of the 230,380 manual computations (27 percent). Of the 62,203 computations that were reviewed, 49,762 (80 percent) were accurate and 12,441 (20 percent) were inaccurate. See Table C-5.

Table C-5: Manual Computations Reviewed	
Manual Computations Reviewed in Total Population	
Total Number of the 625 Manual Computations that Were Reviewed	166
Percent of Manual Computations that Were Reviewed for Sampled Recipients (166 divided by 625)	27%
Estimated Number of Manual Computations that Were Reviewed in Total Population (230,380 multiplied by 27%)	62,203
Accurate Manual Computations Reviewed for Recipients in Total Population	
Number of the 166 Manual Computations that Were Reviewed that Were Accurate	132
Percent of Manual Computations that Were Reviewed for Sampled Recipients that Were Accurate (132 divided by 166)	80%
Estimated Number of Manual Computations that Were Reviewed for Total Population that Were Accurate (62,203 multiplied by 80%)	49,762
Inaccurate Manual Computations Reviewed for Recipients in Total Population	
Number of the 166 Manual Computations that Were Reviewed that Were Inaccurate	34
Percent of Manual Computations that Were Reviewed for Sampled Recipients that Were Inaccurate (34 divided by 166)	20%
Estimated Number of Manual Computations that Were Reviewed for Total Population that Were Inaccurate (62,203 multiplied by 20%)	12,441

We determined that SSA did not manually compute a new SSI payment amount when a subsequent event occurred for 18 of the 275 sampled SSI recipients. Specifically, 8 recipients were overpaid a total of $2,623, and 10 recipients were underpaid a total of $1,646.

Based on the results of our review, we project that SSA inaccurately paid 6,643 of the 101,489 recipients in our population. As a result of not computing a new payment amount, 2,952 recipients were overpaid $968,113 and 3,691 recipients were underpaid $607,580. See Table C-6.

Table C-6: Errors Due to Subsequent Events	
Population Size	101,489
Sample Size	275
Number of SSI Recipients Paid Inaccurately	
Recipients Identified in Sample	18
Projected Quantity in Universe	6,643
Lower Limit - Quantity	4,340
Upper Limit - Quantity	9,690
Number of SSI Recipients - Overpayments	
Recipients Identified in Sample	8
Projected Quantity in Universe	2,952
Lower Limit - Quantity	1,479
Upper Limit - Quantity	5,261
Associated Dollar Amount - Overpayments	
Overpayments Identified in Sample[4]	$2,623
Point Estimate	$968,113
Projection Lower Limit	$156,119
Projection Upper Limit	$1,780,107
Number of SSI Recipients - Underpayments	
Recipients Identified in Sample	10
Projected Quantity in Universe	3,691
Lower Limit - Quantity	2,018
Upper Limit - Quantity	6,177
Associated Dollar Amount - Underpayments	
Underpayments Identified in Sample[4]	$1,646
Point Estimate	$607,580
Projection Lower Limit	$133,490
Projection Upper Limit	$1,081,669

Note: The projections in this table were calculated at the 90-percent confidence level.

Based on the manual computations that were not accurate or updated during the 2-year period covered by our review, we believe that SSA continued to inaccurately pay SSI recipients for the 12-month period following our review.

Specifically, we estimate that SSA overpaid recipients an additional $4,352,419 for the period July 2008 through June 2009. To arrive at this amount, we calculated the per-year overpayment dollar error for the 39 SSI recipients who had inaccurate manual computations and the 8 SSI recipients whose manual computations were not updated when a subsequent event occurred. See Table C-7.

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[4] A portion of this amount includes State Supplements, which are monies paid to the recipient by the Federal Government on behalf of the State.

Table C-7: Additional Dollar Estimates - Overpayments	
Errors Due to Inaccurate Manual Computations	
Total Projected Overpayments for Recipients Who Had Inaccurate Manual Computations for the 2-year Audit Period (see Table C-3)	$7,736,724
Total Overpayments Per-Year for the Recipients Who Had Inaccurate Manual Computations ($7,736,724 divided by 2 years)	$3,868,362
Errors Due to Subsequent Events	
Total Projected Overpayments for Recipients Who Did Not Have Manual Computations Updated When a Subsequent Event Occurred for the 2-year Audit Period (see Table C-6)	$968,113
Total Overpayments Per-Year for the Recipients Who Did Not Have Manual Computations Updated When a Subsequent Event Occurred ($968,113 divided by 2 years)	$484,057
Total Estimated Overpayments for the 12-month Period July 2008 through June 2009 ($3,868,362 plus $484,057)	**$4,352,419**

We also estimate that SSA underpaid recipients an additional $3,663,231 for the period July 2008 through June 2009. To arrive at this amount, we calculated the per-year underpayment dollar error for the 50 SSI recipients who had inaccurate manual computations and the 10 SSI recipients whose manual computations were not updated when a subsequent event occurred. See Table C-8.

Table C-8: Additional Dollar Estimates - Underpayments	
Errors Due to Inaccurate Manual Computations	
Total Projected Underpayments for Recipients Who Had Inaccurate Manual Computations for the 2-year Audit Period (see Table C-3)	$6,718,882
Total Underpayments Per-Year for the Recipients Who Had Inaccurate Manual Computations ($6,718,882 divided by 2 years)	$3,359,441
Errors Due to Subsequent Events	
Total Projected Underpayments for Recipients Who Did Not Have Manual Computations Updated When a Subsequent Event Occurred for the 2-year Audit Period (see Table C-6)	$607,580
Total Underpayments Per-Year for the Recipients Who Did Not Have Manual Computations Updated When a Subsequent Event Occurred ($607,580 divided by 2 years)	$303,790
Total Estimated Underpayments for the 12-month Period July 2008 through June 2009 ($3,359,441 plus $303,790)	**$3,663,231**

Agency Comment

SOCIAL SECURITY

MEMORANDUM

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

From: James A. Winn
        Executive Counselor
        to the Commissioner

Subject: Office of the Inspector General (OIG) Draft Report, "Manual Computations of Supplemental
        Security Income Payments" (A-07-09-19060)--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, "MANUAL COMPUTATIONS OF SUPPLEMENTAL SECURITY INCOME PAYMENTS" (A-07-09-19060)

We agree with the four recommendations in your report. Following are our comments.

Recommendation 1

SSA should take corrective action to properly resolve all Supplemental Security Income (SSI) payment errors for recipients in OIG's sample.

Comment

We agree. Please provide us with the 100 sample cases that included payment errors. We will review the cases by September 2010 and correct payment errors where appropriate.

Recommendation 2

SSA should provide refresher training to staff who prepare and review manual computations.

Comment

We agree. By September 2010, we will provide the appropriate field office staff with refresher training on processing and reviewing manual computations.

Recommendation 3

SSA should remind staff that the review of manual computations by a second employee should be performed and documented.

Comment

We agree. We will issue a notice to appropriate field office employees and remind them that a second employee must review all manual computations.

Recommendation 4

SSA should update its policy to provide additional guidance to field office employees on how frequently the Force Pay Listing should be reviewed to determine whether manually computed SSI payments remain appropriate.

Comment

We agree. We will take the necessary action to update the current Program Operations Manual System policy for the Force Pay Listing.

OIG Contacts and Staff Acknowledgments

OIG Contacts

Mark Bailey, Kansas City Audit Director

Shannon Agee, Audit Manager

Acknowledgments

In addition to those named above:

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