



Office *of the* Inspector General

SOCIAL SECURITY ADMINISTRATION

*Audit Report*

Follow-up: Underpayments on Prior  
Supplemental Security Income  
Records

*A-07-18-50676 | June 2019*

**MEMORANDUM**

**Date:** June 6, 2019

**Refer To:**

**To:** The Commissioner

**From:** Inspector General

**Subject:** Follow-up: Underpayments on Prior Supplemental Security Income Records (A-07-18-50676)

The attached final report presents the results of the Office of Audit's review. The objective was to determine whether the Social Security Administration identified and properly resolved underpayments on prior Supplemental Security Income records.

Please provide within 60 days a corrective action plan that addresses each recommendation. If you wish to discuss the final report, please call me or have your staff contact Rona Lawson, Assistant Inspector General for Audit, 410-965-9700.



Gail S. Ennis

Attachment

# Follow-up: Underpayments on Prior Supplemental Security Income Records

## A-07-18-50676



June 2019

Office of Audit Report Summary

### Objective

To determine whether the Social Security Administration (SSA) identified and properly resolved underpayments on prior Supplemental Security Income (SSI) records.

### Background

When an applicant files for SSI, SSA creates a Supplemental Security Record (SSR). SSA may terminate an SSR for a variety of reasons. For example, SSA terminates a record if the recipient is in a nonpayment status longer than 1 year. SSA establishes a new SSR if the recipient becomes eligible for payments again. If there is an underpayment on a terminated SSR, SSA's field office staff must take manual actions to ensure the underpayment is resolved. In an August 2007 audit, we found SSA's reliance on field office staff to manually identify and resolve SSI underpayments on prior SSRs was not adequate. In September 2014, SSA released software that was expected to identify underpayments on some prior records. The software uses diaries to alert staff that further action must be taken on a case by the field office or its system.

From 1 segment of the SSR, we identified 3,936 prior records terminated between May 2011 and March 2018 with underpayments outstanding as of April 2018. From this population, we reviewed 114 records.

### Findings

SSA did not identify and properly resolve underpayments on prior SSI records for 103 (90 percent) of the 114 SSRs we reviewed. Specifically, we identified underpayments on prior SSI records, totaling about \$503,000, that SSA should have paid recipients, offset against outstanding overpayments, or removed from the prior records. Accordingly, we project there were almost 70,000 prior SSRs terminated between May 2011 and April 2018 with unresolved underpayments totaling about \$173 million.

Of the 103 records with unresolved underpayments, 43 met SSA's criteria that required diaries, but 4 did not have them. The other 39 records had diaries, as required, but they remained unprocessed for 9 months to more than 4 years at the time of our review. Further, 60 records did not require diaries, which left the underpayments at risk of not being identified and resolved. We also reviewed 83 records with unresolved underpayments from our previous audit and found SSA had not resolved 18, totaling about \$208,000.

### Recommendations

We made four recommendations for SSA to take appropriate actions to address identifying and resolving underpayments on prior SSI records. SSA agreed with three of the four recommendations.

### Agency Actions Resulting from the Audit

In October 2018, we provided SSA the 18 records we identified with unresolved underpayments from our previous audit. In March 2019, SSA informed us it had taken corrective actions to pay the recipients, offset underpayments against outstanding overpayments, or remove the underpayments from the prior records. We reviewed the 18 records and determined SSA had taken the appropriate actions. Therefore, we are not recommending further actions for these 18 records.

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## **ABBREVIATIONS**

C.F.R.	Code of Federal Regulations
OIG	Office of the Inspector General
POMS	Program Operations Manual System
SSA	Social Security Administration
SSI	Supplemental Security Income
SSR	Supplemental Security Record

## OBJECTIVE

Our objective was to determine whether the Social Security Administration (SSA) identified and properly resolved underpayments on prior Supplemental Security Income (SSI) records.

## BACKGROUND

An SSI underpayment occurs when the amount due a recipient is greater than the amount paid for a given period.<sup>1</sup> In general, SSA should pay an underpayment to the recipient the month after discovering it.<sup>2</sup> However, SSA should first offset underpayments against any outstanding overpayments.<sup>3</sup> If no overpayment exists, SSA should pay the underpayment to the recipient or, if the recipient is deceased, the recipient's surviving parent or spouse.<sup>4</sup>

When an applicant files for SSI, SSA creates a Supplemental Security Record (SSR). SSA may terminate an SSR for a variety of reasons. For example, SSA terminates a record if the recipient is in nonpayment status longer than 1 year. SSA establishes a new SSR if the recipient becomes eligible for payments again. If there is an underpayment on a terminated SSR, SSA's field office staff must take manual actions to ensure the underpayment is resolved.<sup>5</sup>

In August 2007, we reported that SSA's reliance on field office staff to manually identify and resolve SSI underpayments on prior SSRs was not adequate.<sup>6</sup> Further, in March 2013, we reported that SSA did not establish controls to ensure it paid underpayments after recipients' SSI payments were suspended or terminated.<sup>7</sup> In response, SSA released software in September 2014 that was expected to post diaries on active SSRs where there were underpayments on prior

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<sup>1</sup> SSA, *POMS*, SI 02101.001, A.1 and B.1 (February 26, 2016).

<sup>2</sup> 20 C.F.R. § 416.538(b) (govinfo.gov 2018).

<sup>3</sup> 20 C.F.R. § 416.543 (govinfo.gov 2018); SSA, *POMS*, SI 02101.002, A.1.c (January 5, 2015).

<sup>4</sup> SSA, *POMS*, SI 02101.001, B.4 (February 26, 2016). A surviving spouse is due the underpayment if, in the month of death, the recipient and spouse were each eligible for SSI, married, and living together. SSA, *POMS*, SI 02101.005, A.1 (December 1, 2005). If not, the surviving spouse may receive the underpayment if they were married and living together in the month of death or at any time during the preceding 6 months. SSA, *POMS*, SI 02101.006 (December 1, 2005).

<sup>5</sup> SSA, *POMS*, SI 02101.020, D.2 (February 7, 2014).

<sup>6</sup> SSA, OIG, *Underpayments on Prior Supplemental Security Income Records*, A-07-07-17034, p. 3 (August 2007).

<sup>7</sup> SSA, OIG, *Controls over the Issuance of Supplemental Security Income Installment Payments*, A-09-11-21194, pp. 2 and 3 (March 2013).

records that were terminated within the previous 42 months.<sup>8</sup> SSA's diary system ensures individual records are current and accurate. SSA uses diaries to record the fact that further action must be taken on a case by the field office or its system.

From 1 segment of the SSR, we identified 3,936 prior records terminated between May 2011 and March 2018 with termination codes of T31 or T33<sup>9</sup> and underpayments \$1 or greater outstanding as of April 2018.<sup>10</sup> From this population, we reviewed 114 records from the following sampling frames to determine whether SSA should have paid the underpayments, offset them against outstanding overpayments, or removed them from the records.

- **Sampling Frame 1:** A random sample of 50 from the 147 records with a termination code of T31 and underpayments between \$1 and \$25,000.
- **Sampling Frame 2:** A random sample of 50 from the 3,775 records with a termination code of T33 and underpayments between \$1 and \$25,000.
- **Sampling Frame 3:** All 14 records with a termination code of T33 and underpayments greater than \$25,000.<sup>11</sup>

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<sup>8</sup> SSA selected the 42-month timeframe so records identified in our 2013 audit would not receive diaries. Our 2013 audit identified a population of recipients whose payments were suspended or terminated between January 2007 and March 2011 (see Footnote 7). Since the Agency released the software in September 2014, records terminated beginning April 2011 could have underpayment diaries if there were later active records. For underpayment diaries, active records exist for recipients who were (a) receiving payments or (b) not receiving payments because of certain situations, such as exceeding the allowed income or resource levels in a given month.

<sup>9</sup> The T31 code is a systems termination of SSR records whereas the T33 code is a manual termination of SSR records. We focused our review on these termination codes because they accounted for 91 percent of the prior SSRs with underpayments identified in our data analysis.

<sup>10</sup> See Appendix A for the scope and methodology of our review.

<sup>11</sup> There were no records with a termination code of T31 and underpayments greater than \$25,000.

## RESULTS OF REVIEW

SSA did not identify and properly resolve underpayments on prior SSI records for 103 (90 percent) of the 114 SSRs we reviewed.<sup>12</sup> Specifically, on prior SSI records, we identified underpayments totaling approximately \$503,000 that SSA should have paid recipients, offset against outstanding overpayments, or removed from the prior records.<sup>13</sup> Accordingly, we project there were almost 70,000 prior SSRs terminated between May 2011 and April 2018 with unresolved underpayments totaling about \$173 million.<sup>14</sup>

Of the 103 records with unresolved underpayments, 43 met SSA's criteria that required diaries, but 4 did not have them. The other 39 records had diaries, as required, but remained unprocessed for 9 months to more than 4 years at the time of our review. Further, 60 records did not require diaries, which left the underpayments at risk of not being identified and resolved.

### Underpayments on Prior SSRs

Of the 114 SSRs we reviewed, 103 (90 percent) had unresolved underpayments totaling about \$503,000 that SSA should have paid recipients, offset against outstanding overpayments, or removed from the prior records. Specifically, 93 of the 100 records with underpayments of \$25,000 or less and 10 of the 14 records with underpayments greater than \$25,000 required SSA action. SSA should resolve these 103 underpayments.

#### *SSRs with Underpayments of \$25,000 or Less*

We identified 93 SSRs with underpayments of \$25,000 or less that required SSA's action. These underpayments totaled over \$141,000. Of this, SSA should have paid almost \$73,000 to recipients and offset about \$40,000 against outstanding overpayments (see Figure 1). In addition, SSA should have removed over \$18,000 of the underpayments from the prior records because they were (1) already paid to the recipients, (2) erroneously created,<sup>15</sup> or (3) on records

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<sup>12</sup> We identified three records with unresolved underpayments on prior SSI records involving dedicated accounts. A dedicated account is established for an SSI recipient under age 18 who receives a large underpayment. Funds from a dedicated account can only be used for the recipient's medical, educational, or job training expenses. SSA, *POMS*, GN 00602.140, A and B.1 (December 4, 2012). We referred the three underpayments to SSA for appropriate action. However, we did not include these three underpayments as errors in this review since they will be addressed in our review of *Dedicated Account Underpayments Payable to Children Receiving Supplemental Security Income* (A-04-18-50607).

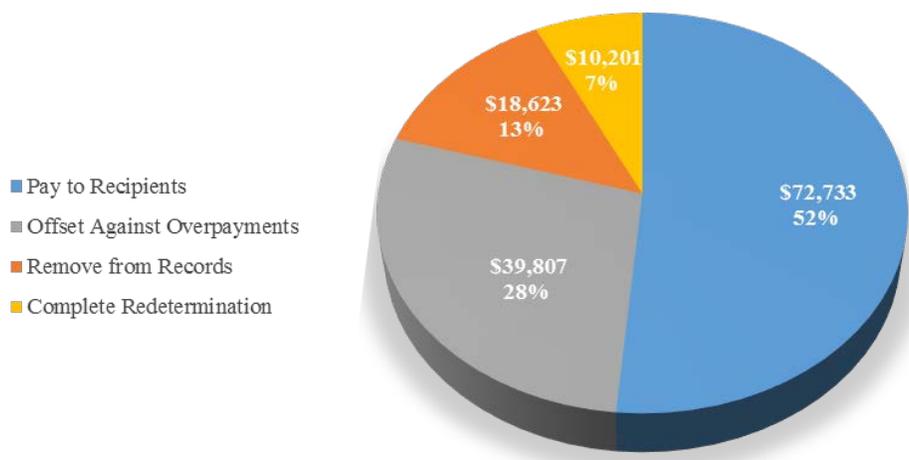
<sup>13</sup> After we received our data in April 2018, SSA identified and resolved eight underpayments.

<sup>14</sup> See Appendix B for our sampling methodology and results.

<sup>15</sup> Erroneous underpayments occur when, for example, employees do not input accurate payment information into SSA's systems.

of deceased recipients with no surviving parent or eligible spouse.<sup>16</sup> Finally, SSA needed to complete a redetermination to determine how to resolve an underpayment of over \$10,000.<sup>17</sup>

**Figure 1: Actions Needed for Underpayments of \$25,000 or Less on Sampled Prior Records**



We project there were over 69,000 prior SSRs terminated between May 2011 and April 2018 with underpayments of \$25,000 or less, totaling over \$166 million, that remained unresolved (see Table B–2 and Table B–3). Of the \$166 million, we project SSA should have paid about \$93 million to recipients and offset almost \$33 million against outstanding overpayments (see Table B–4 and Table B–5).<sup>18</sup>

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<sup>16</sup> See Footnote 4.

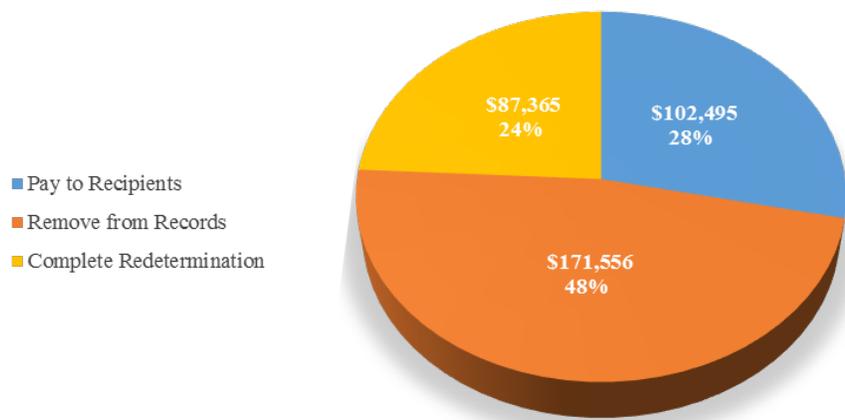
<sup>17</sup> A redetermination is a review of a recipient’s non-medical eligibility factors—such as income, resources, and living arrangements—to determine whether the recipient is eligible for, and receiving, the correct SSI payment. SSA, *POMS*, SI 02305.001, A (August 29, 2014). According to SSA, it needed to resolve the recipient’s living arrangements to determine whether it paid the recipient correctly and what actions it should take on the underpayment.

<sup>18</sup> Given the low percentages of SSRs for which SSA needed to remove underpayments from the records or complete redeterminations, we did not project on the underpayments requiring these actions.

### *SSRs with Underpayments Greater than \$25,000*

We identified 10 SSRs with underpayments greater than \$25,000 that required SSA action. These underpayments totaled over \$361,000. Of this, SSA should have paid over \$102,000 to recipients (see Figure 2). Further, SSA should have removed about \$172,000 of the underpayments from the prior records because they were already paid to the recipients or erroneously created.<sup>19</sup> Finally, SSA needed to complete redeterminations to determine how to resolve underpayments of over \$87,000.<sup>20</sup>

**Figure 2: Actions Needed for Underpayments Greater Than \$25,000 on Sampled Prior Records**



We estimate there were about 200 prior SSRs terminated between May 2011 and April 2018 with underpayments greater than \$25,000, totaling over \$7 million, that remained unresolved (see Table B-6). Of this, we estimate SSA should pay about \$2 million to recipients (see Table B-7).

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<sup>19</sup> See Footnote 15.

<sup>20</sup> See Footnote 17. According to SSA, it needed to resolve resources and living arrangements for two recipients to determine whether it paid the recipients correctly and what actions it should take on the underpayments.

## Diaries for Underpayments on Prior SSRs

Of the 103 records we identified that required SSA's action, 43 met SSA's criteria that required diaries at the time of our review, but 4 did not have them. These four records should have had diaries because they were active SSRs, and the prior records with underpayments had been terminated within the previous 42 months. SSA reviewed these four records but could not determine why the diary software allowed these underpayments to go unidentified even though they met the requirements for a diary. SSA should determine whether the software is identifying and establishing required diaries for underpayments on prior SSI records and, if not, correct the software.

The other 39 records had diaries as required, but, as of December 2018, SSA had not processed the diaries. SSA establishes diary maturity dates for field office employees to take appropriate action to resolve underpayments on prior SSI records. However, SSA did not have timeliness goals for clearing the diaries once they matured. In fact, these 39 diaries remained unprocessed for 9 months to more than 4 years (see Table 1). Therefore, SSA should establish timeliness goals for employees to process diaries for underpayments on prior SSI records.

**Table 1: Unprocessed Diaries,  
as of December 2018**

Number of Months Since Diary Maturity Date	Number of Diaries
9 – 12	4
13 – 24	12
25 – 36	6
37 – 48	4
49 – 50	13
<b>Total</b>	<b>39</b>

Further, 60 records did not require diaries at the time of our review.<sup>21</sup> As such, SSA relied on field office employees to manually identify and resolve underpayments on these 60 records, which had not been done at the time of our review. With no diary to alert field office employees, there were no controls to ensure staff properly addressed these underpayments. SSA should implement a diary alert for all outstanding underpayments on prior SSI records.

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<sup>21</sup> Specifically, 47 current records were not active after SSA released the diary software in September 2014, 9 current records were not established within 42 months of the prior record's termination, and 4 current records were not active at the time of our review.

## Previous Audit Sample Review

We previously recommended SSA implement a risk-based approach to review and resolve the SSRs with underpayments we identified.<sup>22</sup> SSA agreed with the recommendation, defining risk-based as those underpayments most likely to result in the largest improper payments. According to SSA, it reviewed and resolved the 117 prior records with underpayments greater than \$25,000 identified during the previous audit and would resolve the remaining underpayments as resources permitted. We reviewed 33 of the 117 records and found SSA had not resolved 5 underpayments totaling almost \$158,000. Further, we reviewed 50 of the 232 prior records with unresolved underpayments less than \$25,000 from our previous audit and found SSA had not resolved 13 underpayments totaling about \$50,000.

The SSI records from our previous audit did not meet SSA's criteria for a diary.<sup>23</sup> As such, no alert will go to field office employees to resolve the underpayments. Accordingly, these underpayments remain at risk of not being identified or resolved by SSA. If SSA implements our recommendation to revise the diary software to alert its employees of all underpayments on prior records, the Agency will identify the underpayments on prior records from our previous audit that remain unresolved.

## CONCLUSIONS

SSA's controls to identify and properly resolve underpayments on prior records were not adequate. Of the 114 SSRs we reviewed with underpayments on prior records, 103 (90 percent) had underpayments that should have been paid to recipients, offset against outstanding overpayments, or removed from the prior records. Accordingly, we project there were almost 70,000 underpayments, totaling about \$173 million, on prior SSRs terminated between May 2011 and April 2018 that remained unresolved. Further, underpayments from our previous audit remained at risk of not being identified or resolved. Specifically, we identified 18 underpayments from our previous audit that SSA had not resolved at the time of our review.

## RECOMMENDATIONS

We recommend SSA:

1. Resolve the 103 underpayments on prior SSI records we identified.
2. Determine whether the software is identifying and establishing required diaries for underpayments on prior SSI records and, if not, correct the software.

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<sup>22</sup> SSA, OIG, *Underpayments on Prior Supplemental Security Income Records*, A-07-07-17034, p. 9 (August 2007).

<sup>23</sup> SSA released software in September 2014 that was expected to post diaries on active SSRs where there were underpayments on prior records that were terminated within the previous 42 months.

3. Establish timeliness goals for employees to process diaries for underpayments on prior SSI records.
4. Implement a diary alert for all outstanding underpayments on prior SSI records.

## AGENCY COMMENTS AND OIG RESPONSE

SSA agreed with Recommendations 1, 2, and 4. SSA disagreed with Recommendation 3, stating “. . . it is not feasible to establish timeliness goals for this workload as the Agency must focus its resources on achieving its budgeted and priority workload goals as reflected in our Annual Performance Report.” However, SSA stated it will emphasize to its technicians the importance of identifying and resolving these alerts and diaries in a timely manner.

We continue to believe timeliness goals are necessary to ensure SSI recipients are not financially harmed by SSA delays in processing this workload. Over one-third of the records we identified with underpayments on prior SSI records had diaries that were unprocessed for 9 months to over 4 years. For example, one recipient’s diary had a maturity date of September 2014 to process an underpayment on a prior SSI record, totaling over \$3,000, due the recipient. As of December 2018, the diary remained unprocessed, and SSA had not paid the recipient. The lack of timeliness goals for this workload places an undue financial burden on vulnerable SSI recipients since they must wait, in some cases, several years to receive monies they are due. Accordingly, SSA should reconsider its response to Recommendation 3. The full text of SSA’s comments is included in Appendix C.

## AGENCY ACTIONS RESULTING FROM THE AUDIT

In October 2018, we provided SSA the 18 records we identified with unresolved underpayments from our previous audit. In March 2019, SSA informed us it had taken corrective actions to pay the recipients, offset underpayments against outstanding overpayments, or remove the underpayments from the prior records. We determined SSA had taken appropriate actions on the 18 records. Therefore, we are not recommending further actions for these 18 records.



Rona Lawson  
Assistant Inspector General for Audit

# *APPENDICES*

## Appendix A – SCOPE AND METHODOLOGY

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To accomplish our objective, we:

- Reviewed applicable Federal laws and regulations as well as sections of the Social Security Administration’s (SSA) policies and procedures pertaining to Supplemental Security Income (SSI) underpayments.
- Reviewed prior Office of the Inspector General reports pertaining to underpayments on prior Supplemental Security Records (SSR).
- Obtained information from SSA staff in the Offices of Operations and Systems regarding SSI underpayments, the applicable diary system used to identify SSI underpayments on prior SSI records, and training and internal controls established since our prior review.
- Obtained a population from 1 segment of the SSR<sup>1</sup> with 3,936 prior records terminated between May 2011<sup>2</sup> and March 2018 with termination codes of T31 or T33<sup>3</sup> and underpayments \$1 or greater outstanding as of April 2018.
- From the population, we reviewed 114 records with underpayments from the following sampling frames.
  - **Sampling Frame 1:** Reviewed a random sample of 50 from the 147 records with a termination code of T31 and underpayments between \$1 and \$25,000.
  - **Sampling Frame 2:** Reviewed a random sample of 50 from the 3,775 records with a termination code of T33 and underpayments between \$1 and \$25,000.
  - **Sampling Frame 3:** Reviewed all 14 records with a termination code of T33 and underpayments greater than \$25,000.<sup>4</sup>

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<sup>1</sup> The SSR is divided into 20 segments based on the last 2 digits of the recipient’s Social Security number. One SSR segment represents 5 percent of the total population of recipients. Because each segment contains similar characteristics, the audit’s results represent the entire population.

<sup>2</sup> Since the Agency released the software in September 2014, records terminated beginning April 2011 could have underpayment diaries if there were later active records. For underpayment diaries, active records exist for recipients who were (a) receiving payments or (b) not receiving payments because of certain situations, such as exceeding the allowed income or resource levels in a given month.

<sup>3</sup> We focused our review on T31 and T33 termination codes to be consistent with the prior audit. Further, these termination codes accounted for 91 percent of the prior SSRs with underpayments identified in our data analysis.

<sup>4</sup> There were no records with a termination code of T31 and underpayments greater than \$25,000.

- For each sampled record, we:
  - Determined whether SSA should have paid the underpayment, offset it against an outstanding overpayment, or removed it from the record. We did so by reviewing SSA's systems including the SSR, Claims File User Interface, and Modernized Supplemental Security Income Claims System.
  - Reviewed the most current SSR to determine whether a diary was posted or should have been posted.

We conducted our review between October 2018 and January 2019 in Kansas City, Missouri. We determined the data used for this audit were sufficiently reliable to meet our objectives. The principal entities audited were the Offices of Operations and Systems. 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.

## Appendix B – SAMPLING RESULTS AND PROJECTIONS

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We established three sampling frames as detailed in Appendix A and selected samples of 114 Supplemental Security Records (SSR).

**Table B–1: Sample Sizes**

Description	Sampling Frame 1	Sampling Frame 2	Sampling Frame 3	Total
Sampling Frame Size	147	3,775	14	3,936
Sample Size	50	50	14	114
Estimated Total Population (Sampling Frame Size x 20 segments) <sup>1</sup>	2,940	75,500	280	78,720

### Sample Errors and Projections

Of the 114 records we reviewed, 103 (90 percent) had unresolved underpayments, totaling about \$503,000, that required Social Security Administration (SSA) action.<sup>2</sup> Accordingly, we project there were almost 70,000 prior records with unresolved underpayments totaling about \$173 million.

#### *Sampling Frames 1 and 2*

Sampling Frames 1 and 2 consisted of prior records with underpayments of \$25,000 or less (see Appendix A). Of the 100 records we reviewed from Sampling Frames 1 and 2 (see Table B–1), 93 underpayments, totaling over \$141,000, required SSA action. Accordingly, we project over 69,000 records (see Table B–2) had underpayments, totaling approximately \$166 million, that required action (see Table B–3).

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<sup>1</sup> The SSR is divided into 20 segments based on the last 2 digits of the recipient’s Social Security number. One SSR segment represents 5 percent of the total population of recipients. Because each segment contains similar characteristics, the audit’s results represent the entire population.

<sup>2</sup> We identified three records with unresolved underpayments on prior SSI records involving dedicated accounts. A dedicated account is established for an SSI recipient under age 18 who receives a large underpayment. Funds from a dedicated account can only be used for the recipient’s medical, educational, or job training expenses. SSA, *POMS*, GN 00602.140, A and B.1 (December 4, 2012). We referred the three underpayments to SSA for appropriate action. However, we did not include these three underpayments as errors in this review since they will be addressed in our review *Dedicated Account Underpayments Payable to Children Receiving Supplemental Security Income* (A-04-18-50607).

**Table B–2: Quantity of Prior Records with Underpayments of \$25,000 or Less Requiring SSA Action**

Description	Sampling Frame 1	Sampling Frame 2	Total
Sample Results (1 segment)	49	44	<b>93</b>
Projected Quantity (1 segment)	144	3,322	<b>3,466</b>
Projection – Lower Limit	136	2,936	
Projection – Upper Limit	146	3,571	
Population Estimate (Projected Quantity x 20 segments)	2,880	66,440	<b>69,320</b>

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

**Table B–3: Amount of Underpayments of \$25,000 or Less Requiring SSA Action**

Description	Sampling Frame 1	Sampling Frame 2	Total
Sample Results (1 segment)	\$32,610	\$108,754	<b>\$141,364</b>
Point Estimate (1 segment)	\$95,874	\$8,210,913	<b>\$8,306,787</b>
Projection – Lower Limit	\$74,675	\$5,537,416	
Projection – Upper Limit	\$117,074	\$10,884,409	
Population Estimate (Point Estimate x 20 segments)	\$1,917,480	\$164,218,260	<b>\$166,135,740</b>

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

Of the \$141,000 in underpayments requiring action, SSA should have paid almost \$73,000 to the recipients. Accordingly, we project SSA should pay the recipients approximately \$93 million.

**Table B–4: Amount of Underpayments of \$25,000 or Less Due Recipients**

Description	Sampling Frame 1	Sampling Frame 2	Total
Sample Results (1 segment)	\$11,665	\$61,068	<b>\$72,733</b>
Point Estimate (1 segment)	\$34,296	\$4,610,602	<b>\$4,644,898</b>
Projection – Lower Limit	\$20,180	\$2,490,115	
Projection – Upper Limit	\$48,411	\$6,731,088	
Population Estimate (Point Estimate x 20 segments)	\$685,920	\$92,212,040	<b>\$92,897,960</b>

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

SSA should have offset about \$40,000 against outstanding overpayments. Accordingly, we project SSA should offset almost \$33 million against outstanding overpayments.

**Table B-5: Amount of Underpayments of \$25,000 or Less to Offset Against Outstanding Overpayments**

Description	Sampling Frame 1	Sampling Frame 2	Total
Sample Results (1 segment)	\$18,888	\$20,919	<b>\$39,807</b>
Point Estimate (1 segment)	\$55,531	\$1,579,391	<b>\$1,634,922</b>
Projection – Lower Limit	\$35,850	\$616,660	
Projection – Upper Limit	\$75,213	\$2,542,121	
Population Estimate (Point Estimate x 20 segments)	\$1,110,620	\$31,587,820	<b>\$32,698,440</b>

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

### *Sampling Frame 3*

Sampling Frame 3 consisted of prior records with underpayments greater than \$25,000 (see Appendix A). Of the 14 records we reviewed (see Table B-1), 10 underpayments, totaling over \$361,000, required SSA action. Accordingly, we estimate 200 records had underpayments totaling over \$7 million that required action.<sup>3</sup>

**Table B-6: Prior Records with Underpayments Greater than \$25,000 Requiring SSA Action**

Description	Quantity	Amount
Sample Results (1 segment)	10	\$361,416
Population Estimate (Projected Quantity x 20 segments)	200	\$7,228,320

Of the \$361,000 in underpayments requiring action, SSA should pay about \$102,000 to the recipients. Accordingly, we estimate SSA should pay recipients approximately \$2 million.<sup>4</sup>

**Table B-7: Underpayments Greater than \$25,000 Due Recipients**

Description	Amount
Sample Results (1 segment)	\$102,495
Population Estimate (Point Estimate x 20 segments)	\$2,049,900

<sup>3</sup> We used straight-line estimates to project totals for this sampling frame. Our straight-line estimates represent the entire population associated with this sampling frame.

<sup>4</sup> See Appendix B, Footnote 3.

## Appendix C – AGENCY COMMENTS

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## SOCIAL SECURITY

### MEMORANDUM

Date: May 23, 2019

Refer To: SIJ-3

To: Gail S. Ennis  
Inspector General

*Stephanie Hall*

From: Stephanie Hall  
Acting Deputy Chief of Staff

Subject: Office of the Inspector General Draft Report "Follow-Up: Underpayments on Prior Supplemental Security Income Records" (A-07-18-50676) --INFORMATION

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

Please let me know if we can be of further assistance. You may direct staff inquiries to Trae Sommer at (410) 965-9102.

Attachment

**SSA COMMENTS ON THE OFFICE OF INSPECTOR GENERAL DRAFT REPORT  
“FOLLOW-UP: UNDERPAYMENTS ON PRIOR SUPPLEMENTAL SECURITY  
INCOME RECORDS” (A-07-18-50676)**

**GENERAL COMMENTS**

We are committed to the timely and accurate processing of Supplemental Security Income (SSI) underpayments. Our system currently identifies underpayments on prior records and creates alerts for records in many different payment statuses; however, we will explore expanding these diaries to include the latest terminated record with an underpayment. At this time, it is not feasible to establish timeliness goals for this workload as we must focus our resources on achieving our budgeted and priority workload goals as reflected in our [Annual Performance Report](#). Establishing fixed goals for additional workloads must be balanced with our ability to achieve these priority targets as well as other critical workloads. While we do not agree with establishing timeliness goals for this workload, we will emphasize to our technicians the importance of identifying and resolving these alerts and diaries in a timely manner.

Our responses to the recommendations are below.

**Recommendation 1**

Resolve the 103 underpayments on prior SSI records we identified.

Response

We agree.

**Recommendation 2**

Determine whether the software is identifying and establishing required diaries for underpayments on prior SSI records and, if not, correct the software.

Response

We agree.

**Recommendation 3**

Establish timeliness goals for employees to process diaries for underpayments on prior SSI records.

Response

We disagree.

**Recommendation 4**

Implement a diary alert for all outstanding underpayments on prior SSI records.

Response

We agree.

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