
**OFFICE OF
THE INSPECTOR GENERAL**

SOCIAL SECURITY ADMINISTRATION

**THE SOCIAL SECURITY ADMINISTRATION'S
COMPLIANCE WITH THE *IMPROPER PAYMENTS ELIMINATION
AND RECOVERY ACT OF 2010* IN THE FISCAL YEAR 2011
PERFORMANCE AND ACCOUNTABILITY REPORT**

March 2012 A-15-12-11244

EVALUATION 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

MEMORANDUM

Date: March 14, 2012

Refer To:

To: The Commissioner

From: Inspector General

Subject: The Social Security Administration's Compliance with the *Improper Payments Elimination and Recovery Act of 2010* in the Fiscal Year 2011 Performance and Accountability Report (A-15-12-11244)

OBJECTIVES

Our objectives were to review the Improper Payments Information section in the Fiscal Year (FY) 2011 Performance and Accountability Report (PAR) and determine whether the Social Security Administration (SSA) met all requirements of the *Improper Payments Elimination and Recovery Act of 2010* (IPERA). In addition, we evaluated the Agency's (1) accuracy and completeness of reporting and (2) performance in reducing and recapturing improper payments.

BACKGROUND

On July 22, 2010, the President signed IPERA¹ into law. IPERA amended the *Improper Payments Information Act of 2002* (IPIA)² to prevent the loss of billions in taxpayer dollars. The Office of Management and Budget (OMB) issued Government-wide guidance on the implementation of IPIA, as amended by IPERA,³ in April 2011.⁴

Under IPIA, the head of each agency shall periodically review and identify all programs and activities it administers that may be susceptible to significant improper payments based on guidance provided by the Director of OMB.⁵ IPIA generally defines significant

¹ Pub. L. No. 111-204, 124 Stat. 2224 (2010).

² Pub. L. No. 107-300, 116 Stat. 2350 (2002).

³ Unless otherwise indicated, from this point forward the term "IPIA" will imply "IPIA, as amended by IPERA." Even though IPERA amends IPIA, the authorizing legislation is still named IPIA.

⁴ OMB Circular A-123, *Management's Responsibility for Internal Controls*, Appendix C, Parts I and II, April 2011.

⁵ Pub. L. No. 111-204 § 2(a)(1), 124 Stat. 2224 (2010).

improper payments as \$10 million of all program or activity payments made during the FY reported and 2.5 percent of program outlays or \$100 million.⁶ For each program and activity identified, the agency is required to produce a statistically valid estimate, or an estimate that is otherwise approved by OMB, of the improper payments and include such estimates in the accompanying materials to the agency's annual financial statements.⁷

The agency is required to prepare a report on actions it took to reduce improper payments for programs or activities with significant improper payments.⁸ The report must specify, among other things (1) a description of the causes of improper payments, actions planned or taken to correct those causes, and the planned or actual completion date of the actions taken to address those causes and (2) program- and activity-specific targets for reducing improper payments that have been approved by the Director of OMB.⁹

With respect to improper payments identified in recovery audits required by IPIA,¹⁰ the agency is required to report on all actions it took to recover improper payments, including

1. a discussion of the methods used to recover overpayments;
2. the amounts recovered, outstanding, and determined not collectable, including the percent such amounts represent of the total overpayments of the agency;
3. a justification for determining overpayments are not collectable;
4. an aging schedule of the amounts outstanding;
5. a summary of how recovered amounts are disposed of; and
6. a discussion of any conditions giving rise to improper payments and how those conditions are being resolved.¹¹

⁶ Pub. L. No. 111-204 § 2(a)(3), 124 Stat. 2224-2225 (2010). However, for FYs beginning before FY 2013, IPIA defines significant improper payments as \$10 million of all program or activity payments made during the FY reported and 1.5 percent of program outlays, or \$100 million.

⁷ Pub. L. No. 111-204 § 2(b), 124 Stat. 2224, 2225 (2010).

⁸ Pub. L. No. 111-204 § 2(c), 124 Stat. 2224, 2225-2226 (2010).

⁹ Pub. L. No. 111-204 § 2(c)(1) and (4), 124 Stat. 2224, 2225-2226 (2010).

¹⁰ IPIA generally requires that such audits be conducted, unless prohibited by law, for each program and activity of the agency that expends \$1 million or more annually if conducting such audits would be cost-effective. Pub. L. No. 111-204 § 2(h), 124 Stat. 2224, 2228-2229 (2010).

¹¹ Pub. L. No. 111-204 § 2(d), 124 Stat. 2224, 2226 (2010).

The agency is also required to provide a justification if it determined that performing recovery audits for any program or activity was not cost-effective.¹²

Responsibilities of the Agency's Inspectors General

OMB guidance specifies that each agency's Inspector General should review agency improper payment reporting in the agency's annual PAR or Annual Financial Report (AFR) and accompanying materials to determine whether the agency complied with IPIA.

According to OMB guidance, compliance with IPIA means that the agency has

- published a PAR or AFR for the most recent FY and posted that report and any accompanying materials required by OMB on the agency Website;
- conducted a specific risk assessment for each program or activity that conforms with Section 3321 of Title 31 U.S.C. (if required);
- published improper payment estimates for all programs and activities identified as susceptible to significant improper payments under its risk assessment (if required);
- published programmatic corrective action plans in the PAR or AFR (if required);
- published, and has met, annual reduction targets for each program assessed to be at risk and measured for improper payments;
- reported a gross improper payment rate of less than 10 percent for each program and activity for which an improper payment estimate was obtained and published in the PAR or AFR; and
- reported information on its efforts to recapture improper payments.¹³

If an agency does not meet one or more of these requirements, it is not compliant with IPIA. The agency's Inspector General should also evaluate the accuracy and completeness of agency reporting and performance in reducing and recapturing improper payments.¹⁴

RESULTS OF REVIEW

Our review determined that the Agency (1) substantially met the requirements of IPIA; (2) accurately reported improper payment information, except for five instances; and (3) produced a substantially complete report.

¹² Pub. L. No. 111-204 § 2(d)(7), 124 Stat. 2224, 2227 (2010).

¹³ OMB Circular A-123, *Management's Responsibility for Internal Controls*, Appendix C, Part II, *Compliance with the Improper Payment Requirements*, § (A)(4), April 2011. As previously noted in this report, IPIA has been amended by IPERA.

¹⁴ *Id.*

In addition, we evaluated the Agency's performance in reducing and recapturing improper payments by reviewing our prior audit reports and a sample of over- and underpayments identified during the Agency's stewardship reviews. We noted several findings during our analysis of the stewardship cases where corrective actions were not taken; therefore, the appropriate over- or underpayment was not recorded.

COMPLIANCE WITH IPJA

Based on our review, we determined that the Agency substantially complied with the IPJA requirements; however, we noted the following issues.

1. OMB guidance states that for programs and activities that estimated improper payment amounts exceeding \$10 million, agencies shall include a discussion of the amount of actual improper payments the agency expects to recover and how it will go about recovering them.¹⁵ SSA did not provide recovery rates for the Old-Age, Survivors and Disability Insurance (OASDI) and Supplemental Security Income (SSI) programs. However, in the IPJA Report SSA stated it was currently exploring, with OMB, methodologies to identify improper payment recovery targets.
2. OMB guidance states that agencies must annually report on their payment recapture audit programs in their PARs and AFRs.¹⁶ SSA provided most of the required payment recapture audit program information for its administrative payments. However, it did not provide complete information for its benefit payment recapture program. The Agency stated it was working with OMB to implement the payment recapture audit program reporting requirements in OMB Circular No. A-136, *Financial Reporting Requirements*¹⁷ and determine payment recapture audit methodology for its benefit payments.
3. For the payment recapture audit reporting requirement, OMB guidance states that agency annual reports shall include a discussion of any conditions giving rise to improper payments (i.e. root causes) and how those conditions were being resolved (i.e. corrective action plans).¹⁸ SSA provided a discussion of the root causes and corrective action plans for vendor improper payments but did not provide this information for payroll, employee-related benefits, and travel improper payments.
4. Lastly, for the payment recapture audit reporting requirement, OMB guidance states that if a determination has been made that certain overpayments are not collectable, the agency's annual report shall include a justification for that determination.¹⁹ SSA did not provide a justification for the \$178,000 in payroll and employee-related benefit overpayments that were determined not to be collectable.

¹⁵ OMB A-123, supra at Part I § (A)(7) Step 4(b)(iii).

¹⁶ OMB A-123, supra at § (B)(18).

¹⁷ OMB Circular A-136, *Financial Reporting Requirements*, October 2011.

¹⁸ OMB A-123 supra at § (B)(18)(h).

¹⁹ OMB A-123, supra at § (B)(18)(e).

Since the Agency did not fully report some of required information, we recommend it implement a process to ensure it addresses all elements accurately and completely in future IPIA reports.

ACCURACY AND COMPLETENESS OF IPIA REPORTING

Accuracy

We requested supporting documentation for all figures to evaluate the accuracy of the IPIA Report in the FY 2011 PAR. SSA provided supporting documentation for all figures in the Report; however, we noted five monetary errors for which the supporting documentation did not accurately reflect the Report's data. The discrepancies were not substantive to the overall report content. However, the Agency should have detected these errors through its quality review process. We shared these discrepancies with the Agency for review. A list of these errors is in Appendix C.

We also requested an explanation from the Agency for improper payment amounts with significant dollar changes from FYs 2009 to 2010, as outlined in the table below.

(Dollars in millions)	FY 2009 Dollars	FY 2010 Dollars	Change in Dollars	Change in Percent
Old-Age and Survivors Insurance (OASI) Overpayment Error	\$841	\$1,878	↑ \$1,037	↑ 123
Disability Insurance (DI) Underpayment Error	\$191	\$1,261	↑ \$1,070	↑ 560
DI Overpayment Error	\$1,706	\$844	↓ \$862	↓ 51
SSI Underpayment Error	\$787	\$1,227	↑ \$440	↑ 56

The Agency stated, "There are no statistically significant differences between the 2 years so there is no explanation to offer. Since the numbers fall within the variance at the 95% confidence level, they are statistically the same." We believe all of the changes in the previous table are important. For example, OASI and DI error rates increased by more than \$1 billion. The Agency should provide adequate explanations for any changes of \$100 million or more.

Completeness

Besides the issues discussed in the *Compliance with IPIA* section of this report, we determined the Agency's reporting was substantially complete. We noted that SSA did not discuss its program debt adjustments, write-offs (for example, waivers and terminations) or delinquencies.²⁰ For example, SSA wrote off program debt of \$1 billion; however, there was no discussion of this information in the IPIA section of the PAR. While this information is not a requirement of IPIA reporting, we believe it is relevant to the Report's users. SSA reported such information on pages 186 through

²⁰ Refer to Appendix D for SSA's definitions of these terms.

188 of the PAR, which is outside of the IPIA report in the PAR. SSA should create a cross-reference to these pages when discussing its program debt overpayments, detections, and recoveries in the IPIA report. In commenting on this report, SSA stated, “. . . in future reports, we will cross-reference to the section of the PAR that discusses program debt overpayments, detections, and recoveries.”

PERFORMANCE IN REDUCING AND RECAPTURING IMPROPER PAYMENTS

We believe the Agency’s corrective action plans were focused on the appropriate root causes and recapturing improper payments. When evaluating SSA’s performance in reducing and recapturing improper payments, we reviewed our prior audit reports and corresponding recommendations. In addition, we reviewed a sample of OASDI and SSI over- and underpayments noted during SSA’s stewardship reviews to determine whether the Agency recorded and collected overpayment amount(s) or recorded and paid underpayment amount(s), as appropriate.

Agency Performance

SSA identified the major causes of OASDI and SSI improper payments in its IPIA reporting. For each major cause, the Agency developed corrective action plans. The Agency implemented its Access to Financial Institutions plan in June 2010 and its Supplemental Security Income Telephone Wage Reporting (SSITWR) plan in October 2009 to address two of the major causes of SSI overpayments: financial accounts and wages. These corrective actions could have contributed to the SSI overpayment decrease from 8.4 percent in FY 2009 to 6.7 percent in FY 2010. We plan to conduct audit work on the AFI and SSITWR systems to determine whether they were effective in reducing improper payments.

Since the majority of the Agency’s corrective action plans had ongoing target completion dates, we have not evaluated the impact of such plans on reducing and recapturing improper payments. However, we believe the Agency’s corrective action plans were focused on the appropriate root causes and recapturing of improper payments.

OIG Audits

From April through September 2011, we issued 50 audit reports that identified over \$1.4 billion in questioned costs and over \$1 billion in Federal funds that could be put to better use. A number of these reports focused on the SSA management challenge to reduce improper payments and increase overpayment recoveries. For example, in *Supplemental Security Income Recipients with Unreported Real Property*,²¹ we determined the accuracy of SSA’s determinations of SSI recipients’ resources related to real property ownership. Because of this audit, SSA stated it was piloting a program in FYs 2011 and 2012 to investigate non-home real property informational leads via

²¹ SSA OIG, *Supplemental Security Income Recipients with Unreported Real Property* (A-02-09-29025), June 2011.

several Web-based commercial sources. SSA stated it would use the study results to develop a methodology to reduce improper SSI payments caused by undisclosed property ownership.

In another audit, *Debt Collection Activities in the Supplemental Security Income Program*,²² we identified the potential financial impact of whether SSA performed additional debt collection activities for SSI overpayments. Because of this audit, we recommended that SSA identify a reasonable goal for the level of SSI debt that should be in a collection arrangement each year and dedicate the necessary resources to processing the debt collection workload to achieve the goal. Without a goal, Congress and other stakeholders lack necessary information to determine whether sufficient resources are allocated to debt collection activities.

For a list of some of our additional audits focused on reducing SSA's improper payments and increasing overpayment recoveries, issued from March 2010 to November 2011, refer to Appendix E.

Analysis of Over- and Underpayments Noted During Stewardship Reviews

In the PAR, the Agency stated, "We use stewardship reviews to measure the accuracy of payments to beneficiaries in current payment status. Each month, we review a sample of OASI cases, DI cases, and SSI cases to determine payment accuracy rates. For each sample case, we interview the beneficiary or representative payee, make collateral contacts as needed, and redevelop all non-medical factors of eligibility as of the sample month."²³ According to SSA policy, once a stewardship review is completed, some cases may require corrective action by a field office (FO).²⁴ The Office of Quality Performance (OQP) uses the Form SSA-93-U4 *Quality Review Feedback Report* to request appropriate FO actions and provide information to the FO.²⁵ OQP is supposed to provide feedback on stewardship review cases to the FOs only if there was a payment deficiency or significant informational item.²⁶

SSA stated in the PAR, "Our stewardship reviews are similar to payment recapture audits for benefit payments."²⁷ In September 2011, SSA shared its revised payment

²² SSA OIG, *Debt Collection Activities in the Supplemental Security Income Program* (A-07-10-20139), April 2011.

²³ SSA, *FY 2011 Performance and Accountability Report*, November 2011, p. 190.

²⁴ SSA, Program Operations Manual System (POMS), GN 04461.027 A (December 12, 2007).

²⁵ *Id.*

²⁶ *Id.*

²⁷ SSA, *FY 2011 Performance and Accountability Report*, November 2011, p. 190.

recapture audit plan with OMB, which included its stewardship reviews.²⁸ OMB stated that it, “. . . did not intend to approve or disapprove any agency plans, per se, but rather to provide feedback, if any. . . SSA should proceed as indicated in your plan.” Although OMB advised SSA to proceed with its plan, it should be noted that OMB IPIA guidance states, “. . . payment recapture audits are not statistical samples. . . .”²⁹ As such, we do not believe the Agency’s stewardship reviews should be classified as similar to payment recapture audits.

Since SSA stated its stewardship reviews were similar to payment recapture audits, we analyzed a sample of over- and underpayments noted during the reviews. We determined whether the Agency recorded and collected overpayment amount(s) or recorded and paid underpayment amount(s), as appropriate. We analyzed 45 OASDI overpayment, 45 OASDI underpayment, 45 SSI overpayment, and 45 SSI underpayment cases.

During our analysis of these cases, we noted the following.

OASDI Overpayment Cases

- In two cases, Form SSA-93 *Quality Review Feedback Reports* had to be released to the appropriate parties for corrective action. Our review determined the appropriate office did not take corrective action, which would have resulted in an overpayment on the record.
- In one case, the overpayment was not recorded timely.³⁰

OASDI Underpayment Cases

- In one case, the Form SSA-93 *Quality Review Feedback Report* had to be released to the appropriate party for corrective action. Our review determined the appropriate office did not take corrective action, which would have resulted in an underpayment on the record.
- Two cases were processed incorrectly and had to be returned for correction. During our review, we noted underpayments were not recorded.

SSI Overpayment Cases

- In two cases, an overpayment was recorded on terminated recipients’ records; however, overpayment collection was marked pending since early 2011 and needed resolution.

²⁸ SSA, *Payment Recapture Audit Report Improper Payments Elimination and Recovery Act (IPERA) of 2010*, September 2011.

²⁹ OMB A-123, *supra* at § (B)(19).

³⁰ SSA POMS GN 04461.027 B.1, the FO should complete corrective actions within 60 days from the date of review, if it agrees with a reported deficiency.

SSI Underpayment Cases

- In nine cases, there was no indication in the payment fields on the Supplemental Security Record that the underpayments had been paid to the recipient or withheld to satisfy a collectible overpayment.
- In one case, the recipient did not receive their underpayment until January 2012, more than 2 years after their case was marked completed in November 2010.³¹

The stewardship reviews performed by the Agency are an important internal control to ensure payment and claims accuracy. As such, the Agency should correct all findings developed by these reviews accurately, completely, and timely.

CONCLUSION AND RECOMMENDATIONS

During our review, we noted the Agency substantially met the requirements of IPIA. We acknowledge that SSA is continuing to work with OMB to report the remainder of information required by IPIA. With the exception of five instances, the Agency accurately reported improper payment information and produced a substantially complete report. However, SSA could improve reporting by including information on significant changes in improper payment amounts as well as program debt adjustments, write-offs, and delinquencies.

As part of evaluating the Agency's performance in recapturing improper payments, we also analyzed a sample of OASDI and SSI over- and underpayment cases identified during the Agency's stewardship reviews. We noted several over- and underpayment cases, which the Agency should review for corrective action. We will continue evaluating SSA's performance in reducing and recapturing improper payments through other audit work.

Based on our review, we recommend that SSA:

1. In future IPIA reports, provide a (1) discussion of root causes and corrective action plans for payroll, employee related benefits and travel improper payments, and (2) justification for why the payroll and benefits overpayments are not collectable, as required by IPIA.
2. Implement a process to ensure the accuracy and completeness of the IPIA report.
3. Review the findings noted during our analysis of the stewardship cases and take corrective action on these cases.

³¹ Id.

AGENCY COMMENTS

SSA agreed with our recommendations (see Appendix F).

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 – Discrepancies in the Performance and Accountability Report

APPENDIX D – Social Security Administration Debt Management Definitions

APPENDIX E – Office of the Inspector General Audit Reports Focused on Reducing the Social Security Administration’s Improper Payments and Increasing Overpayment Recoveries

APPENDIX F – Agency Comments

APPENDIX G – OIG Contacts and Staff Acknowledgments

Acronyms

AFI	Access to Financial Institutions
AFR	Annual Financial Report
DI	Disability Insurance
FO	Field Office
FY	Fiscal Year
IPERA	<i>Improper Payments Elimination and Recovery Act of 2010</i>
IPIA	<i>Improper Payments Information Act of 2002</i>
OASDI	Old-Age, Survivors and Disability Insurance
OASI	Old-Age and Survivors Insurance
OIG	Office of the Inspector General
OMB	Office of Management and Budget
OQP	Office of Quality Performance
PAR	Performance and Accountability Report
POMS	Program Operations Manual System
Pub. L. No.	Public Law Number
PY	Prior Year
SSA	Social Security Administration
SSI	Supplemental Security Income
SSITWR	Supplemental Security Income Telephone Wage Reporting
U.S.C.	United States Code

Scope and Methodology

Our objectives were to review the Improper Payments Information section in the Fiscal Year (FY) 2011 Performance and Accountability Report (PAR) and determine whether the Social Security Administration (SSA) met all requirements of the *Improper Payments Elimination and Recovery Act of 2010* (IPERA). In addition, we evaluated the Agency's (1) accuracy and completeness of reporting and (2) performance in reducing and recapturing improper payments. To accomplish our objectives, we:

- Reviewed the Management's Discussion and Analysis and Improper Payments Information Detailed Report in SSA's FY 2011 PAR to ensure compliance with all requirements of the *Improper Payments Information Act of 2002*, as amended by IPERA.
- Reviewed applicable Federal laws, Office of Management and Budget guidance, and SSA Program Operations Manual System policy.
- Requested source data from the Office of Quality Performance (OQP) to support the figures in the PAR.
- Analyzed the source data to ensure accuracy and completeness of all figures.
- Analyzed a random sample of overpayment and underpayments noted during OQP's stewardship reviews to determine whether the Agency recorded and collected overpayment amount(s) or recorded and paid the underpayment amount(s), as appropriate.
 - We analyzed 45 Old-Age, Survivors and Disability Insurance (OASDI) overpayment, 45 OASDI underpayment, 45 Supplemental Security Income (SSI) over- and 45 SSI underpayment cases.
 - We analyzed data from the Master Beneficiary Record; Recovery of Overpayments, Accounting and Reporting System; Payment History Update System; Supplemental Security Record; over- and underpayment letters from the Online Retrieval System; and Form SSA-93 *Quality Review Feedback Reports* provided by OQP, as applicable.

We determined the computerized data used during our review were sufficiently reliable given our objective, and the intended use of the data should not lead to incorrect or unintentional conclusions.

We performed our review from November 2011 through February 2012 in Baltimore, Maryland. We conducted our review in accordance with the Council of the Inspectors General on Integrity and Efficiency's *Quality Standards for Inspections*.

Discrepancies in the Performance and Accountability Report

Location in Performance and Accountability Report	Discrepancy Explanation
Page 201 – Graph: Earnings History Overpayment Deficiency Dollars Five-Year Average for Fiscal Year (FY) 2009	The Social Security Administration (SSA) reported its 5-year average of overpayment deficiency dollars (for FYs 2005 through 2009) as \$176 million. Supporting documentation showed the amount should have been \$195 million.
Page 201 – Graph: Earnings History Underpayment Deficiency Dollars Five-Year Average for FY 2009	SSA reported its 5-year average of underpayment deficiency dollars (for FYs 2005 through 2009) as \$111 million. Supporting documentation showed the amount should have been \$195 million.
Page 218 – Table 20: FY 2010 Payment Recapture Audit Reporting Administrative Payments – Vendor and Travel: Amounts Identified for Recovery Prior Years (PY)	SSA reported the Amounts Identified for Recovery PYs for Vendor and Travel as \$7.366 million. Supporting documentation showed the amount should have been \$7.664 million.
Page 218 – Table 20: FY 2010 Payment Recapture Audit Reporting Administrative Payments – Vendor and Travel: Amounts Recovered PYs	SSA reported the Amounts Recovered PYs for Vendor and Travel as \$7.359 million. Supporting documentation showed the amount should have been \$7.407 million.
Page 220 – Table 23: Administrative Debt Overpayments – Detections and Recoveries	SSA reported the Amount Recovered FY 2011 as \$2.3 million. Supporting documentation showed the amount should have been \$2.5 million.

Social Security Administration Debt Management Definitions¹

Adjustments – Program debt adjustments represent (1) written off debts, by way of terminations, that the Social Security Administration (SSA) reinstates for collections; (2) changes in debts when SSA updates debtor accounts with new information; and (3) minor differences between reports containing debt information that SSA uses to maintain an ending accounts receivable balance.

Waivers – Waivers represent the amount of overpayments forgiven because the overpaid person (1) is without fault in causing the debt and (2) either cannot repay it or repayment would be against good equity and conscience. Waivers permanently remove debts from SSA's accounts receivable balance, which precludes any further collection efforts.

Terminations – Terminations represent SSA's decision to cease its own efforts to collect a debt because (1) the debtor cannot or will not repay the debt, (2) the debtor cannot be located after diligent search, or (3) the debt is at least 2 years delinquent. Even though SSA terminates internal active collection, it may still use external collection efforts, such as the Treasury Offset Program and Administrative Wage Garnishment. If the debtor became entitled to Title II benefits or eligible for Title XVI payments, SSA reinstates the debt and resumes recovery through benefit/payment withholding.

Delinquent Debt – A debt is delinquent when no voluntary payment has been made 30 days after the date (1) SSA established a Title II debt, (2) of the initial overpayment notice for a Title XVI debt, (3) of the last voluntary payment, (4) of an installment or periodic payment arrangement (if SSA did not receive a payment), and (5) SSA decided a debtor remained responsible for a debt, in response to a due process action by the debtor.

¹ SSA, *FY 2011 Performance and Accountability Report*, November 2011, p. 188.

Office of the Inspector General Audit Reports Focused on Reducing the Social Security Administration's Improper Payments and Increasing Overpayment Recoveries

1. *Old-Age, Survivors and Disability Insurance Benefits Affect by State or Local Government Pensions* (A-13-10-10143), November 2011.
2. *Quick Response Evaluation: The Social Security Administration's Plan to Reduce Improper Payments Under Executive Order 13520, as Reported in March 2011* (A-15-11-01126), September 2011.
3. *Follow-up: Childhood Continuing Disability Reviews and Age 18 Redeterminations* (A-01-11-11118), September 2011.
4. *Follow-up: Supplemental Security Income Overpayments to Recipients in Title XIX Institutions* (A-08-10-10138), July 2011.
5. *Supplemental Security Income Recipients with Unreported Real Property* (A-02-09-29025), June 2011.
6. *Debt Collection Activities in the Supplemental Security Income Program* (A-07-10-20139), April 2011.
7. *Accuracy of Fiscal Year 2009 Title II Disability Insurance Benefit Payments Involving Workers' Compensation Offsets* (A-04-10-11014), February 2011.
8. *Supplemental Security Income Double Check Negotiations* (A-06-10-20144), January 2011.
9. *Recovery of Title II Payments Issued After Beneficiaries' Deaths* (A-09-10-11037), January 2011.
10. *Federal Employees Receiving Both Federal Employees' Compensation Act and Disability Insurance Payments* (A-15-09-19008), October 2010.
11. *Supplemental Security Income Overpayment Notices Not Sent* (A-01-09-19037), August 2010.
12. *Follow-Up: The Social Security Administration's Controls over the Old-Age, Survivors and Disability Insurance Overpayment Waiver Approval Process* (A-13-09-19040), July 2010.
13. *Follow-Up: The Social Security Administration's Controls over the Write-off of Title XVI Overpayments* (A-04-09-19138), March 2010.

The list of reports above is not a complete list of our audit work in the management issue area of “Reduce Improper Payments and Increase Overpayment Recoveries.” A complete list of our audit reports can be found at <http://oig.ssa.gov/audits-and-investigations/audit-reports/all>.

Agency Comments



SOCIAL SECURITY

MEMORANDUM

Date: March 12, 2102 **Refer To:** S1J-3

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

From: Dean S. Landis /s/
Deputy Chief of Staff

Subject: Office of the Inspector General Draft Report, "The Social Security Administration's Compliance with the Improper Payments Elimination and Recovery Act of 2010 in the Fiscal Year 2011 Performance and Accountability Report" (A-15-12-11244)—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 Teresa Rojas at (410) 966-7284.

Attachment

COMMENTS ON THE OIG DRAFT REPORT, “THE SOCIAL SECURITY ADMINISTRATION’S COMPLIANCE WITH THE *IMPROPER PAYMENTS ELIMINATION AND RECOVERY ACT OF 2010* IN THE FISCAL YEAR 2011 PERFORMANCE AND ACCOUNTABILITY REPORT” (A-15-12-11244)

RESPONSE TO THE RECOMMENDATIONS

Recommendation 1

In future IPERA reports, provide a (1) discussion of root causes and corrective action plans for payroll, employee related benefits and travel improper payments, and (2) justification for why the payroll and benefits overpayments are not collectable, as required by IPERA.

Response

We agree.

Recommendation 2

Implement a process to ensure the accuracy and completeness of the IPERA report.

Response

We agree.

Recommendation 3

Review the findings noted during our analysis of the stewardship cases and take corrective action on these cases.

Response

We agree.

[In addition to the information listed above, SSA also provided general and technical comments which have been addressed, where appropriate, in this report.]

OIG Contacts and Staff Acknowledgments

OIG Contacts

Victoria Vetter, Director, Financial Audit Division

Judith Kammer, Audit Manager, Financial Audit Division

Acknowledgments

In addition to those named above:

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Overview of the Office of the Inspector General

The Office of the Inspector General (OIG) is comprised of an Office of Audit (OA), Office of Investigations (OI), Office of the Counsel to the Inspector General (OCIG), Office of External Relations (OER), and Office of Technology and Resource Management (OTRM). To ensure compliance with policies and procedures, internal controls, and professional standards, the OIG also has a comprehensive Professional Responsibility and Quality Assurance program.

Office of Audit

OA conducts financial and performance audits of the Social Security Administration's (SSA) programs and operations and makes recommendations to ensure program objectives are achieved effectively and efficiently. Financial audits assess whether SSA's financial statements fairly present SSA's financial position, results of operations, and cash flow. Performance audits review the economy, efficiency, and effectiveness of SSA's programs and operations. OA also conducts short-term management reviews and program evaluations on issues of concern to SSA, Congress, and the general public.

Office of Investigations

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

Office of the Counsel to the Inspector General

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

Office of External Relations

OER manages OIG's external and public affairs programs, and serves as the principal advisor on news releases and in providing information to the various news reporting services. OER develops OIG's media and public information policies, directs OIG's external and public affairs programs, and serves as the primary contact for those seeking information about OIG. OER prepares OIG publications, speeches, and presentations to internal and external organizations, and responds to Congressional correspondence.

Office of Technology and Resource Management

OTRM supports OIG by providing information management and systems security. OTRM also coordinates OIG's budget, procurement, telecommunications, facilities, and human resources. In addition, OTRM is the focal point for OIG's strategic planning function, and the development and monitoring of performance measures. In addition, OTRM receives and assigns for action allegations of criminal and administrative violations of Social Security laws, identifies fugitives receiving benefit payments from SSA, and provides technological assistance to investigations.