



Office *of the* Inspector General

SOCIAL SECURITY ADMINISTRATION

Evaluation Report

The Social Security Administration's
Compliance with the Improper
Payments Elimination and Recovery
Improvement Act of 2012 in the
Fiscal Year 2014 Agency Financial
Report

A-15-15-50007 | May 2015



Office of the Inspector General

SOCIAL SECURITY ADMINISTRATION

MEMORANDUM

Date: May 12, 2015

Refer To:

To: The Commissioner

From: Inspector General

Subject: The Social Security Administration's Compliance with the Improper Payments Elimination and Recovery Improvement Act of 2012 in the Fiscal Year 2014 Agency Financial Report (A-15-15-50007)

The attached final report presents the results of our review. Our objectives were to review the Improper Payments Information section in the Fiscal Year 2014 Agency Financial Report to determine whether the Social Security Administration met all requirements of the *Improper Payments Elimination and Recovery Improvement Act of 2012*. In addition, we evaluated the Agency's (1) accuracy and completeness of reporting and (2) performance in reducing and recapturing improper payments.

If you wish to discuss the final report, please call me or have your staff contact Steven L. Schaeffer, Assistant Inspector General for Audit, at (410) 965-9700.

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

Patrick P. O'Carroll, Jr.

Attachment

The Social Security Administration's Compliance with the Improper Payments Elimination and Recovery Improvement Act of 2012 in the Fiscal Year 2014 Agency Financial Report A-15-15-50007



May 2015

Office of Audit Report Summary

Objectives

Our objectives were to review the Improper Payments Information section in the Fiscal Year (FY) 2014 Agency Financial Report (AFR) and determine whether the Social Security Administration (SSA) met all requirements of the *Improper Payments Elimination and Recovery Improvement Act of 2012* (IPERIA). In addition, we evaluated the Agency's (1) accuracy and completeness of reporting and (2) performance in reducing and recapturing improper payments.

Background

On January 10, 2013, the President signed IPERIA into law. IPERIA amended the *Improper Payments Information Act of 2002* (IPIA) and the *Improper Payments Elimination and Recovery Act of 2010* (IPERA), both created to prevent the loss of billions in taxpayer dollars. In October 2014, the Office of Management and Budget (OMB) issued Government-wide guidance on the implementation of IPIA, as amended by IPERA and IPERIA.

Findings

We found that the Agency did not comply with all of IPIA's reporting requirements, including meeting the OMB-established reduction targets for Supplemental Security Income (SSI), as required by IPIA. The Agency reported most improper payment information accurately and produced a substantially complete report. We noted a few immaterial instances where the supporting documentation provided did not agree with statements made in the FY 2014 AFR or the Agency was not able to provide documentation.

In evaluating the Agency's performance in reducing and recapturing improper payments, we analyzed the average and actual deficiency dollars reported for major causes where SSA has implemented corrective actions. We noted that, for financial accounts, actual deficiency dollars increased despite the implementation of the Access to Financial Institutions program. As financial accounts represent the leading cause of SSI improper payments, the Agency should ensure it continues monitoring the progress of the program and ensure a positive return on investment. The Agency should also continue researching other initiatives that will help the Agency meet the established reduction targets in improper payments for the Old-Age, Survivors and Disability Insurance and SSI programs.

Recommendations

Based on our review, we recommend that SSA:

1. Ensure its FY 2015 AFR includes all requirements of applicable improper payment reporting guidance.
2. In accordance with OMB guidance, annually review its existing corrective actions to determine whether any action can be intensified or expanded, resulting in a high-impact, high return on investment in terms of reduced or prevented improper payments.

SSA agreed with our recommendations.

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ABBREVIATIONS

AFI	Access to Financial Institutions
AFR	Agency Financial Report
FY	Fiscal Year
IPERA	<i>Improper Payments Elimination and Recovery Act of 2010</i>
IPERIA	<i>Improper Payments Elimination and Recovery Improvement Act of 2012</i>
IPIA	<i>Improper Payments Information Act of 2002</i>
OASDI	Old-Age, Survivors and Disability Insurance
OIG	Office of the Inspector General
OMB	Office of Management and Budget
PAR	Performance and Accountability Report
Pub. L. No.	Public Law Number
SSA	Social Security Administration
SSI	Supplemental Security Income
SSITWR	Supplemental Security Income Telephone Wage Reporting
Stat.	United States Statutes at Large
U.S.C.	United States Code

OBJECTIVES

Our objectives were to review the Improper Payments Information section in the Fiscal Year (FY) 2014 Agency Financial Report (AFR) and determine whether the Social Security Administration (SSA) met all requirements of the *Improper Payments Elimination and Recovery Improvement Act of 2012* (IPERIA). In addition, we evaluated the Agency's (1) accuracy and completeness of reporting and (2) performance in reducing and recapturing improper payments.

BACKGROUND

On January 10, 2013, the President signed IPERIA¹ into law. IPERIA amended the *Improper Payments Information Act of 2002* (IPIA)² and the *Improper Payments Elimination and Recovery Act of 2010* (IPERA),³ both created to prevent the loss of billions in taxpayer dollars. In October 2014, the Office of Management and Budget (OMB) issued Government-wide guidance on the implementation of IPIA,⁴ as amended by IPERA and IPERIA.⁵

Under IPIA, agencies shall identify and review all programs and activities it administers that may be susceptible to significant improper payments based on guidance provided by the Director of OMB.⁶ Beginning with FY 2014 reporting and beyond, OMB guidance 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 For each program and activity identified, the agency is required to produce a statistically valid estimate, using an OMB-approved estimate methodology, of the improper payments and include those estimates in the accompanying materials to the agency's annual financial statements.⁸

The agency is required to prepare a report on actions it has taken or plans to take to recover improper payments and intends to take to prevent future improper payments for programs or activities with estimated improper payments.⁹ The improper payments section in OMB

¹ Pub. L. No. 112-248, 126 Stat. 2390 (2013).

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

³ Pub. L. No. 111-204, 124 Stat. 2224 (2010).

⁴ Unless otherwise indicated, the term "IPIA" will imply "IPIA, as amended by IPERA and IPERIA." Even though IPERIA amends IPIA and IPERA, the authorizing legislation is still named IPIA. We reviewed the requirements as amended by IPERIA.

⁵ OMB Circular A-123, *Management's Responsibility for Internal Control*, Appendix C, Parts I, II and III, October 2014. Appendix C implements requirements from the following: (1) IPIA, as amended; (2) IPERA; (3) IPERIA; and (4) Executive Order 13520 *Reducing Improper Payments* – issued November 20, 2009.

⁶ OMB Circular A-123, *Management's Responsibility for Internal Control*, Appendix C, Part I, *Improper Payments Elimination and Recovery*, § (A)(9), October 2014.

⁷ *Id.* at § (A)(9) Step 1 (a).

⁸ *Id.* at § (A)(9) Step 2.

⁹ Pub. L. No. 112-248 § 3(a)(2), 126 Stat. 2391 (2013) (codified at 31 U.S.C §3321 note).

Circular A-136¹⁰ outlines the information agencies are required to include in their annual AFRs or Performance and Accountability Reports (PAR) regarding improper payment estimates, reductions targets, root causes, corrective actions, and other areas.¹¹ The report must, among other things, describe the

- risk assessment performed and those programs identified as a significant risk of improper payments;
- statistical sampling process conducted to estimate the improper rate for each program; and
- corrective actions plans for reducing the estimated improper payment rate based on root causes identified.¹²

In addition, the agency is required to report on all actions it has taken to recover improper payments identified in recovery audits required by IPIA,¹³ including

- a discussion of the methods used to recover overpayments;
- the amounts recovered, outstanding, and determined uncollectable, including the percent of the agency's amount identified for recovery these amounts represent;
- a justification for determining overpayments are not collectable;
- an aging schedule of the outstanding amounts;
- a summary of how recovered amounts are disposed of; and
- a discussion of any conditions giving rise to improper payments and how those conditions are being resolved.¹⁴

The agency is also required to provide a justification if it excluded any programs or activities from review, including programs or activities where the agency has determined that performing recovery audits was not cost-effective.¹⁵

¹⁰ OMB Circular A-136, *Financial Reporting Requirements*, II.5.8, September 2014. The new IPERIA reporting requirements are not reflected in the September 2014 version of OMB Circular A-136 but will be reflected in the revised 2015 version.

¹¹ OMB Circular A-123, *Management's Responsibility for Internal Control*, Appendix C, Part I, *Improper Payments Elimination and Recovery*, § (A)(9) Step 4(b), October 2014.

¹² OMB Circular A-136, *Financial Reporting Requirements*, II.5.8 I-III, September 2014.

¹³ IPIA generally requires that recovery 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).

¹⁴ OMB Circular A-136, *Financial Reporting Requirements*, II.5.8 V, September 2014.

¹⁵ OMB Circular A-136, *Financial Reporting Requirements*, II.5.8 V(a), September 2014.

Responsibilities of the Agencies' Inspectors General

OMB guidance specifies that each agency's Inspector General should review improper payment reporting in the agency's annual AFR or PAR and accompanying information to determine whether it complied with IPIA.

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

- published an AFR or PAR for the most recent FY and posted that report and any OMB-required accompanying materials to the agency's Website;
- conducted a program-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 AFR or PAR (if required);
- published, and met,¹⁶ annual reduction targets for each program assessed to be at risk and estimated for improper payments (if required and applicable);
- 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 AFR or PAR.

If an agency does not meet one or more of these requirements, it is not compliant with IPIA.¹⁷ The agency's Inspector General may also evaluate the accuracy and completeness of agency reporting and performance in reducing and recapturing improper payments.¹⁸ See Appendix A for our scope and methodology.

RESULTS OF REVIEW

Our review determined that SSA (1) did not fully comply with the IPIA reporting requirements; (2) accurately reported most improper payment information but could not provide all supporting documentation, and (3) produced a substantially complete report.

¹⁶ A program will have met a reduction target if the improper payment rate for that program in the current year falls within plus or minus 0.1 percentage points of the reduction target set in the previous year's AFR or PAR.

¹⁷ OMB Circular A-123, *Management's Responsibility for Internal Control*, Appendix C, Part II, *Compliance with the Improper Payment Requirements*, § (A)(3), October 2014. As previously noted, IPERIA amended IPIA and IPERA.

¹⁸ *Id.* at § (A)(4).

Compliance with IPIA

We reviewed the Improper Payments Information section of the FY 2014 AFR¹⁹ and determined that SSA did not report all required information. As such, we concluded that SSA did not fully comply with IPIA. In Appendix B, we summarize the OMB guidance with which SSA did not comply, our observations, and the Agency's response.

SSA should ensure its FY 2015 AFR includes all requirements of applicable improper payment reporting guidance. In addition, as funding allows, the Agency should continue focusing resources on corrective actions that will help meet the OMB-approved reduction targets.

Accuracy and Completeness of IPIA Reporting

We requested supporting documentation for all figures to evaluate the accuracy of the IPIA Report in the FY 2014 AFR. SSA provided supporting documentation for most of the figures in the Report. However, we noted a few immaterial instances where the supporting documentation provided did not agree with statements made in the FY 2014 AFR or the Agency could not provide documentation. For example, SSA could not provide documentation to support the results of one of its corrective actions for the Old-Age, Survivors and Disability Insurance (OASDI) program. The documentation SSA used for amounts reported in the AFR was based on a preliminary evaluation and could not be readily reproduced. The Agency also could not timely provide documentation to support one of the leading causes of improper administrative payments reported relating to time and attendance records. Each year, as the Agency is constructing this report, it should retain all supporting documentation to assist with future reviews.

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. We also reviewed the change in deficiency dollars the Agency reported in the IPIA section of the AFR in relation to implemented corrective actions.

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. To address financial accounts, which are one major cause of SSI overpayments, the Agency implemented its Access to Financial Institutions (AFI) plan, which it expanded nationwide in June 2011. When the liquid resource tolerance for AFI was lowered in October 2013, SSA began using it in more SSI applications and redeterminations to verify financial accounts. Despite AFI's implementation,

¹⁹ SSA's FY 2014 Agency Financial Report, *Improper Payments Information Detailed Report*, pgs. 161-205 (November 2014).

the amount of overpayment deficiency dollars²⁰ related to financial accounts had steadily increased over the past few FYs. According to support provided by the Agency, deficiency dollars related to financial accounts was approximately \$858 million in FY 2010 and increased to \$870 million in FY 2011, \$918 million in FY 2012, and \$1.1 billion in FY 2013. In response to our FY 2012 review, the Agency stated that deficiency dollars related to financial accounts had not declined because “. . . AFI was not rolled out nationally until June 2011. In other words, AFI was only in effect nationally for the last quarter of FY 2011.” We inquired again with the Agency about why there had not been a decline in deficiency dollars since the program had been in place for over 1 year. The Agency responded as follows.

Even though AFI was rolled out nationally in June 2011, the full effects will not be felt until all SSI cases in payment status as of June 2011 are redetermined. Many of these cases have not been redetermined since that date and, therefore, have not been subject to AFI verification standards.

In addition, while AFI may have been rolled out geographically in June 2011, its effect was limited by two key decisions: the number of undisclosed bank account searches was not increased and the liquid resource tolerance not reduced until October 2013. Effective that month, the number of undisclosed bank account searches was increased from five to ten, and the liquid tolerance²¹ reduced from \$750 to \$400. The positive effects of these changes should be realized in FY 2014 and later.

In the FY 2014 AFR, SSA stated it would evaluate the effect of increased undisclosed bank account searches and a lowered tolerance by December 2014.²² We requested the results of this evaluation and were told that it was still underway. SSA stated it “. . . plans to report AFI results by the end of the fiscal year.”

As financial accounts are the leading cause of SSI deficiency dollar overpayments,²³ the Agency should continue monitoring the AFI program to ensure a positive return on investment and research other initiatives to reduce the amount of overpayments due to financial accounts.

Another major cause of improper payments for the SSI program is wages. According to the AFR, for more than a decade, wage discrepancies have been one of the leading causes of over- and underpayment errors.²⁴ Wage discrepancies occur when the recipient has actual wages that differ from the wage amount used to calculate the SSI payment. To address this issue, the

²⁰ Some cases had more than one “error,” which caused an incorrect payment. Each of these “errors” was referred to as a deficiency.

²¹ If alleged liquid resources exceed the liquid resource tolerance, the value of all liquid resources has to be verified. A liquid resource is any resource in the form of cash or in any form that can be converted to cash within 20 workdays.

²² SSA’s FY 2014 Agency Financial Report, *Improper Payments Information Detailed Report*, Table 9, pg. 177.

²³ *Id.* at pg. 176.

²⁴ *Id.* at pg. 177.

Agency implemented the SSI Telephone Wage Reporting System (SSITWR) in FY 2008. SSITWR allows recipients, representative payees, and deemors to report prior monthly gross wages via an automated telephone system. The 5-year rolling average of overpayment deficiency dollars related to wages continued to decrease from \$671 million in FY 2011 to \$579 million in FY 2013,²⁵ while the actual amount of deficiency dollars also decreased over \$87 million (13 percent) from FYs 2012 to 2013. The Agency conducted an accuracy review of the program and noted that the accuracy of the wages reported using SSITWR was above 90 percent; however, if working recipients and deemors used the program more frequently, it would be more effective. The Agency should continue identifying corrective actions for this major cause as a result of the limited effect SSITWR has had on wage deficiency dollars to date.

OIG Audits

In addition to reviewing the corrective actions reported by the Agency, we conducted audits in various areas, including audits that focused on reducing improper payments. From April through September 2014, we issued 51 reports that identified over \$535 million in questioned costs and over \$5 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.

See Appendix C for our audits specifically focused on reducing SSA's improper payments and increasing overpayment recoveries, issued from May through December 2014.

In addition to the audits noted above, we issued a report on AFI in December 2014.²⁶ Based on a review of 150 sampled cases, we found that, in

- 99, SSA used AFI correctly;
- 21, SSA used AFI incorrectly under its existing policy at the time;
- 22, SSA did not use AFI but should have under its existing policy at the time; and
- 8, SSA did not need to use AFI under its existing policy at the time.

We recommended that SSA provide more training for employees and determine whether systems enhancements were feasible to address the issues in this report to ensure AFI was used correctly, when required. SSA agreed with the recommendation.

²⁵ *Id.* at pg. 177.

²⁶ SSA OIG, *The Social Security Administration's Access to Financial Institutions Program (Limited Distribution)* (A-01-13-13069), December 2014.

CONCLUSIONS

We found that the Agency did not comply with all of IPIA's reporting requirements, including meeting the OMB-established reduction targets for SSI as required by IPIA. The Agency reported most improper payment information accurately and produced a substantially complete report. We noted a few immaterial instances where the supporting documentation provided did not agree with statements made in the FY 2014 AFR or the Agency was not able to provide documentation.

As part of evaluating the Agency's performance in reducing and recapturing improper payments, we analyzed the average and actual deficiency dollars reported for major causes where SSA has implemented corrective actions. We noted that, for financial accounts, actual deficiency dollars increased despite the AFI program's implementation. As this major cause represents the leading cause of SSI improper payments, the Agency should ensure it continues monitoring the program's progress and ensure a positive return on investment. The Agency should also continue researching other initiatives that will help the Agency meet the established reduction targets in improper payments for the OASDI and SSI programs.

RECOMMENDATIONS

Based on our review, we recommend SSA:

1. Ensure its FY 2015 AFR includes all requirements of applicable improper payment reporting guidance.
2. In accordance with OMB guidance, annually review its existing corrective actions to determine whether any action can be intensified or expanded, resulting in a high-impact, high return on investment in terms of reduced or prevented improper payments.

AGENCY COMMENTS

SSA agreed with our recommendations; see Appendix D.

APPENDICES

Appendix A – SCOPE AND METHODOLOGY

To accomplish our objectives, we:

- Reviewed the Management’s Discussion and Analysis and Improper Payments Information Detailed Report in the Social Security Administration’s (SSA) Fiscal Year 2014 Agency Financial Report (AFR) to ensure compliance with all requirements of the *Improper Payments Information Act of 2002*, as amended by the *Improper Payments Elimination and Recovery Act of 2010* and the *Improper Payments Elimination and Recovery Improvement Act of 2012*.
- Reviewed applicable Federal laws and regulations, Office of Management and Budget guidance, and SSA’s Program Operations Manual System policy.
- Requested source data from the Office of Financial Policy and Operations to support the figures in the AFR.
- Analyzed the source data to ensure the accuracy and completeness of all figures.

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 conducted our review from December 2014 through February 2015 in Baltimore, Maryland. We conducted our review in accordance with the Council of the Inspectors General on Integrity and Efficiency’s *Quality Standards for Inspection and Evaluation*.

Appendix B – NONCOMPLIANCE WITH OFFICE OF MANAGEMENT AND BUDGET GUIDANCE

OMB Guidance	OIG Observation	Agency Response
<p>Agencies shall report root causes information (including error rate and error amount) based on</p> <ol style="list-style-type: none"> 1. Administrative and Documentation Errors 2. Authentication and Medical Necessity Errors 3. Verification Errors¹ 	<p>We noted that the Social Security Administration (SSA) discussed the major cause categories of improper payments (such as financial accounts, wages, etc.) and the corresponding dollar amounts for those major cause categories; however, for the three categories listed by guidance, SSA presented error <i>rate</i> but did not present error <i>amount</i> information.</p>	<p>In the FY 2014 Agency Financial Report (AFR), we discussed the categories that were the major causes of improper payments based on our stewardship reviews, and we included the corresponding dollar amounts for those major cause categories. In the Fiscal Year (FY) 2015 AFR, we will also include estimates of the dollar amounts based on the required OMB categories.</p>

¹ Office of Management and Budget (OMB) Circular A-136, *Financial Reporting Requirements*, II.5.8 III(a), September 2014.

OMB Guidance	OIG Observation	Agency Response
<p>An agency has published, and is meeting, annual reduction targets for each program assessed to be at risk and estimated for improper payments. A program will have met a reduction target if the improper payment rate for that program in the current year falls within +/- 0.1 percentage points of the reduction target set in the previous year's AFR or Performance and Accountability Report (PAR).²</p>	<p>1. In the FY 2013 AFR, the target rate for Supplemental Security Income (SSI) underpayments was 1.20 percent. In the FY 2014 AFR, the estimated SSI underpayment rate was 1.66 percent, which did not meet guidance requirements.</p> <p>2. In the FY 2013 AFR, the target rate for SSI overpayments was 5 percent. In the FY 2014 AFR, the estimated SSI overpayment rate was 7.57 percent, which did not meet guidance requirements.</p>	<p>For FY 2013, each tenth of a percentage point in payment accuracy represents about \$55.3 million in SSI program outlays. Given limited resources, we try to balance program integrity work with other Agency priorities.</p> <p>We strive to reduce improper payments within the constraints of statutory and regulatory requirements and limited resources. In our FY 2014 AFR, we discuss the major causes of our SSI error rates and our corrective action plans to reduce them. In our FY 2014 Accountable Official's report,* as required by [Executive Order] 13520, we state the challenges we face in our efforts to reduce improper payments. In FY 2015, we will incorporate these statements from the Accountable Official's Report into our FY 2015 AFR.</p> <p>* Please note: As required in A-123, Appendix C-III-C-4, the agency requirements for providing a report to our [Inspector General] in response to Section 3(b) of Executive Order 13520, is now an [<i>Improper Payments Elimination and Recovery Improvement Act of 2012</i>] requirement beginning with FY 2014 reporting. However, since we did not receive the revised A-123 until late in FY 2014, we issued a separate Accountable Official's Report.</p>

² OMB Circular A-123, *Management's Responsibility for Internal Control*, Appendix C, Part II, *Compliance with the Improper Payment Requirements*, § (A)(3)(e), October 2014.

OMB Guidance	OIG Observation	Agency Response
<p>If the agency has excluded any programs or activities from review under its payment recapture auditing program, the agency should list those programs and activities excluded from the review as well as the justification for doing so.³</p>	<p>The Agency includes payroll and benefits as well as vendor and travel in its review of administrative payments; however, it does not list the remaining administrative payments that it excludes (State disability determination services [DDS], <i>American Recovery and Reinvestment Act of 2009</i> [ARRA], and other administrative expenses) nor why these activities are excluded from review.</p>	<p>As allowed by OMB Circular A-123, Appendix C I-D-4.d (page 30), we excluded the “ARRA” and “other administrative expenses” categories because it was not cost-effective to perform a payment recapture audit on them. For State DDS payments, our 10 regional offices reviewed amounts drawn against pre-approved DDS spending plans. For payment accuracy, we rely on the Office of the Inspector General’s (OIG) audits of DDSs and further used those findings to enhance payment controls.</p> <p>In our FY 2015 AFR, we will list the administrative payment categories we exclude.</p>
<p>For payment recapture audit programs, agencies shall report a summary of how cumulative amounts recovered have been disposed.⁴</p>	<p>SSA does not provide information on how it disposes of its recoveries for program benefit payments or administrative payroll and benefit expenses.</p>	<p>On page 194 of our FY 2014 AFR, we state the following in regards to our recovered vendor and travel payments overpayments, “We return all amounts recovered to the original appropriation from which the overpayment was made.” In our FY 2015 AFR, we will state how we dispose of overpayments recovered from our payroll and benefits payments as well as our program benefit payments.</p>

³ OMB Circular A-136, *Financial Reporting Requirements*, II.5.8 V(a), September 2014.

⁴ OMB Circular A-136, *Financial Reporting Requirements*, II.5.8 V(c)(ii), September 2014.

Appendix C – REPORTS ON REDUCING THE SOCIAL SECURITY ADMINISTRATION’S IMPROPER PAYMENTS AND INCREASING OVERPAYMENT RECOVERIES

1. *The Social Security Administration’s Reporting of High-Dollar Overpayments Under Executive Order 13520 in Fiscal Year 2014* (A-15-14-14123), December 2014.
2. *Underpayments Payable to Terminated Title II Beneficiaries* (A-09-13-23099), December 2014.
3. *Payments to Student Beneficiaries* (A-09-13-13059), December 2014.
4. *The Social Security Administration’s Access to Financial Institutions Program (Limited Distribution)* (A-01-13-13069), December 2014.
5. *The Social Security Administration’s Prisoner Incentive Payment Program* (A-01-14-24100), December 2014.
6. *Individuals with Multiple Social Security Numbers that Were Not Cross-Referenced in SSA’s Systems* (A-02-14-34054), November 2014.
7. *Auxiliary Beneficiaries Who Do Not Have Their Own Social Security Number* (A-01-14-14036), September 2014.
8. *The Social Security Administration’s Plan to Reduce Improper Payments Under Executive Order 13520, As Reported in April 2014* (A-15-14-14127), September 2014.
9. *Payment Accuracy of Dually Entitled Title II Beneficiaries* (A-04-13-13014), August 2014.
10. *The Social Security Administration’s Completion of Program Integrity Workloads* (A-07-14-24071), August 2014.
11. *Supplemental Security Income Recipients with Excess Unstated Income* (A-07-12-11206), May 2014.
12. *Work Continuing Disability Reviews for Disabled Title II Beneficiaries with Earnings* (A-01-12-12142), May 2014.
13. *The Social Security Administration’s Field Office Remittance Process* (A-08-13-13034), May 2014.

The list of reports above is not a complete list of our audit work in the management challenge “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>.

Appendix D – AGENCY COMMENTS



SOCIAL SECURITY

MEMORANDUM

Date: April 30, 2015 **Refer To:** SIJ-3

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

From: Frank Cristaudo /s/
Executive Counselor to the Commissioner

Subject: Office of the Inspector General Draft Evaluation Report, “The Social Security Administration's Compliance with the Improper Payments Elimination and Recovery Improvement Act of 2012 in the Fiscal Year 2014 Annual Financial Report” (A-15-15-50007) - 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 Gary S. Hatcher at (410) 965-0680.

Attachment

COMMENTS ON THE OFFICE OF THE INSPECTOR GENERAL (OIG) DRAFT EVALUATION REPORT, “THE SOCIAL SECURITY ADMINISTRATION’S COMPLIANCE WITH THE IMPROPER PAYMENTS ELIMINATION AND RECOVERY IMPROVEMENT ACT OF 2012 IN THE FISCAL YEAR 2014 ANNUAL FINANCIAL REPORT” (A-15-15-50007)

We reviewed the Agency Performance section, and confirmed that the improper payment amounts for both financial account and wage deficiencies accurately reflect our reported Stewardship findings for the years in question.

Recommendation 1

Ensure its fiscal year 2015 Annual Financial Report includes all requirements of applicable improper payment reporting guidance.

Response

We agree. As stated in our response in Appendix B, we will include information in our fiscal year 2015 Agency Financial Report to address the compliance requirements identified in Appendix B.

Recommendation 2

In accordance with the Office of Management and Budget guidance, annually review its existing corrective actions to determine whether any action can be intensified or expanded, resulting in a high-impact, high return on investment in terms of reduced or prevented improper payments.

Response

We agree. Balancing our investments across our responsibilities to improve service and our stewardship workloads in order to prevent improper payments remains a top priority. We continually evaluate and explore ways to enhance our corrective actions to prevent or detect improper payments.

Appendix E – MAJOR CONTRIBUTORS

Victoria Vetter, Director, Financial Audit Division

Judith Kammer, Audit Manager

Lori Lee, Senior Auditor

MISSION

By conducting independent and objective audits, evaluations, and investigations, the Office of the Inspector General (OIG) inspires public confidence in the integrity and security of the Social Security Administration's (SSA) programs and operations and protects them against fraud, waste, and abuse. We provide timely, useful, and reliable information and advice to Administration officials, Congress, and the public.

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