



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 2015 Agency Financial
Report

A-15-16-50133 | May 2016

OIG Office of the Inspector General
SOCIAL SECURITY ADMINISTRATION

MEMORANDUM

Date: May 5, 2016

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 2015 Agency Financial Report (A-15-16-50133)

The attached final report presents the results of the Office of Audit's review. The objectives were to review the Improper Payments Information section in the Fiscal Year 2015 Agency Financial Report and 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 Rona Lawson, Deputy Assistant Inspector General for Audit, at (410) 965-9700.



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 2015 Agency Financial Report A-15-16-50133



May 2016

Office of Audit Report Summary

Objectives

To review the Improper Payments Information section in the Fiscal Year (FY) 2015 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 were 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 IPIA reporting requirements. Specifically, the Agency did not meet the OMB-established reduction targets for the Supplemental Security Income (SSI) and Old-Age, Survivors and Disability Insurance (OASDI) overpayments. The remaining five criteria as it relates to compliance were met. The Agency reported most improper payment information accurately and produced a substantially complete report. We noted a few immaterial instances where the supporting documentation did not agree with statements made in the FY 2015 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 had implemented corrective actions. We noted that, for wages, actual deficiency dollars increased despite the implementation of SSI Telephone and Mobile Wage Reporting. In addition, we noted that the OASDI overpayment dollars and rate had increased from the prior year. Over the past several years, the rates for this program have remained consistent. The Agency should continue researching 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 2016 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
SSIMWR	Supplemental Security Income Mobile Wage Reporting
SSITWR	Supplemental Security Income Telephone Wage Reporting
Stat.	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) 2015 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 which were 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 they administer that may be susceptible to significant improper payments based on guidance provided by the Director of OMB.⁶ Beginning with FY 2014 reporting, 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 use an OMB-approved estimate methodology to produce a statistically valid estimate of the improper payments and include those estimates in the materials that accompany the agency's annual financial statements.⁸

¹ *Improper Payments Elimination and Recovery Improvement Act of 2012*, Pub. L. No. 112-248, 126 Stat. 2390 (2013).

² *Improper Payments Information Act of 2002*, Pub. L. No. 107-300, 116 Stat. 2350 (2002).

³ *Improper Payments Elimination and Recovery Act of 2010*, 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 (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.

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 of OMB 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, reduction targets, root causes, corrective actions, etc.¹¹ Among other things, the report must describe the

- risk assessment performed and those programs identified as a significant risk for improper payments;
- statistical sampling process conducted to estimate the improper payment rate for each program;¹² and
- corrective action plans for reducing the estimated improper payment rate and amount for each type of root cause identified.¹³

In addition, the agency is required to report all actions it has taken to recover improper payments identified in recovery audits required by IPIA,¹⁴ including

- the methods used to recover overpayments;
- the amounts recovered, outstanding, and determined uncollectable;
- a justification for determining overpayments are not collectable;
- an aging schedule of the outstanding amounts;
- a summary of the disposal of recovered amounts; and
- a discussion of any conditions that give rise to improper payments and how those conditions are being resolved.¹⁵

⁹ *Improper Payments Elimination and Recovery Improvement Act of 2012*, Pub. L. No. 112-248 § 3(a)(2), 126 Stat. 2391 (2013) (codified at 31 U.S.C §3321 note).

¹⁰ OMB Circular A-136 Revised, *Financial Reporting Requirements*, II.5.8, August 2015.

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 Revised, *Financial Reporting Requirements*, II.5.8 I-II, August 2015.

¹³ *Id.* at section II 5.8 V.

¹⁴ 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. *Improper Payments Elimination and Recovery Act of 2010*, Pub. L. No. 111-204 § 2(h), 124 Stat. 2224, 2228-2229 (2010).

¹⁵ OMB Circular A-136 Revised, *Financial Reporting Requirements*, II.5.8 X, August 2015.

The agency is also required to justify programs or activities it excluded from review, including programs or activities where the agency determined that performing recovery audits was not cost-effective.¹⁶

Responsibilities of the Agencies' Inspectors General

OMB guidance specifies that each agency's Inspector General should review improper payment reporting in its 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 note 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,¹⁷ annual reduction targets for each program assessed to be at risk and estimated for improper payments (if required and applicable); and
- 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.¹⁸ The agency's Inspector General may also evaluate the accuracy and completeness of agency reporting and performance in reducing and recapturing improper payments.¹⁹ See Appendix A for our scope and methodology.

¹⁶ OMB Circular A-136 Revised, *Financial Reporting Requirements*, II.5.8 X(b), August 2015.

¹⁷ A program has 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.

¹⁸ 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.

¹⁹ *Id.* at § (A)(4).

RESULTS OF REVIEW

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

Compliance with IPIA

Our review of the Improper Payments Information section of the FY 2015 AFR²⁰ determined that SSA did not report all information required by OMB Circular A-136, as revised, or meet all requirements of OMB Circular A-123, Appendix C. Specifically, SSA did not meet the OMB-established reduction targets for Supplemental Security Income (SSI) and Old-Age, Survivors and Disability Insurance (OASDI) overpayments, as required by IPIA. The remaining five criteria as it relates to compliance were met. OMB guidance requires that the Agency meet all requirements to be compliant with IPIA. As such, we concluded that SSA had not fully complied with IPIA. In Appendix B, we summarize the OMB guidance and reporting requirements with which SSA did not comply, our observations, and the Agency's response.

SSA should ensure its FY 2016 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 2015 AFR. SSA provided supporting documentation for most of the figures in the Report. However, we noted a few immaterial instances where the supporting documentation did not agree with statements in the FY 2015 AFR or the Agency could not provide documentation. For example, SSA could not provide documentation to support the aging of outstanding overpayments identified in the payment recapture audits for payroll and benefits. In addition, amounts SSA reported for cumulative programmatic debt recovery were incorrect based on the supporting documentation SSA provided. Each year, as the Agency constructs 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 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.

²⁰ SSA, *The Social Security Administration's Agency Financial Report (AFR) For Fiscal Year (FY) 2015: Improper Payments Information Detailed Report*, pp. 171-220 (November 2015).

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. As reported in prior years, the leading causes of overpayments in the SSI program were financial accounts and wages. The Access to Financial Institutions (AFI) program continues to be the Agency's key initiative for reducing improper payments related to financial accounts. The Agency has continued improving this program to prevent improper payments earlier and limit the amount of any overpayments.

As financial accounts are the leading cause of SSI overpayment errors,²¹ 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 because of financial accounts.

Another major cause of improper payments for the SSI program is wage reporting. According to the AFR, for longer than a decade, wage discrepancies have been one of the leading causes of over- and underpayment errors.²² Wage discrepancies occur when the recipient's actual wages differ from the wage amount used to calculate the SSI payment. In FY 2008, the Agency implemented the SSI Telephone Wage Reporting System (SSITWR) to allow recipients, representative payees, and deemors²³ to report prior monthly gross wages via an automated telephone system. In addition, SSA rolled out the SSI Mobile Wage Reporting (SSIMWR) Smartphone Application initiative nationally on August 1, 2013 to allow individuals to report wages through the Smartphone Application. Although both programs appear successful based on the number of reports processed monthly, the error dollars related to wages increased from the prior year. According to the Agency,

Working with internal stakeholders, we identified a set of business questions that we need to answer to better determine the effectiveness of our key improper payment initiatives, including SSITWR and SSIMWR. Measuring the number of monthly wage reports is a start and it tells us whether our recruitment efforts are working; however, it does not tell us, with any precision, how these efforts reduce instances of improper payments related to wages, nor the dollar amount of overpayments that we prevent. Using data analytics, we hope to identify additional data and point to other metrics that better measure the impact of our initiatives.

The Agency should continue assessing the effectiveness of these initiatives and working to identify other ideas that would reduce improper payments for this area.

In addition, the improper overpayments related to the OASDI program increased from \$1.9 billion in FY 2013 to \$4.6 billion in FY 2014. Although the Agency stated the change was not statistically significant, the error rate and dollars for FY 2014 were 0.33 percent higher than

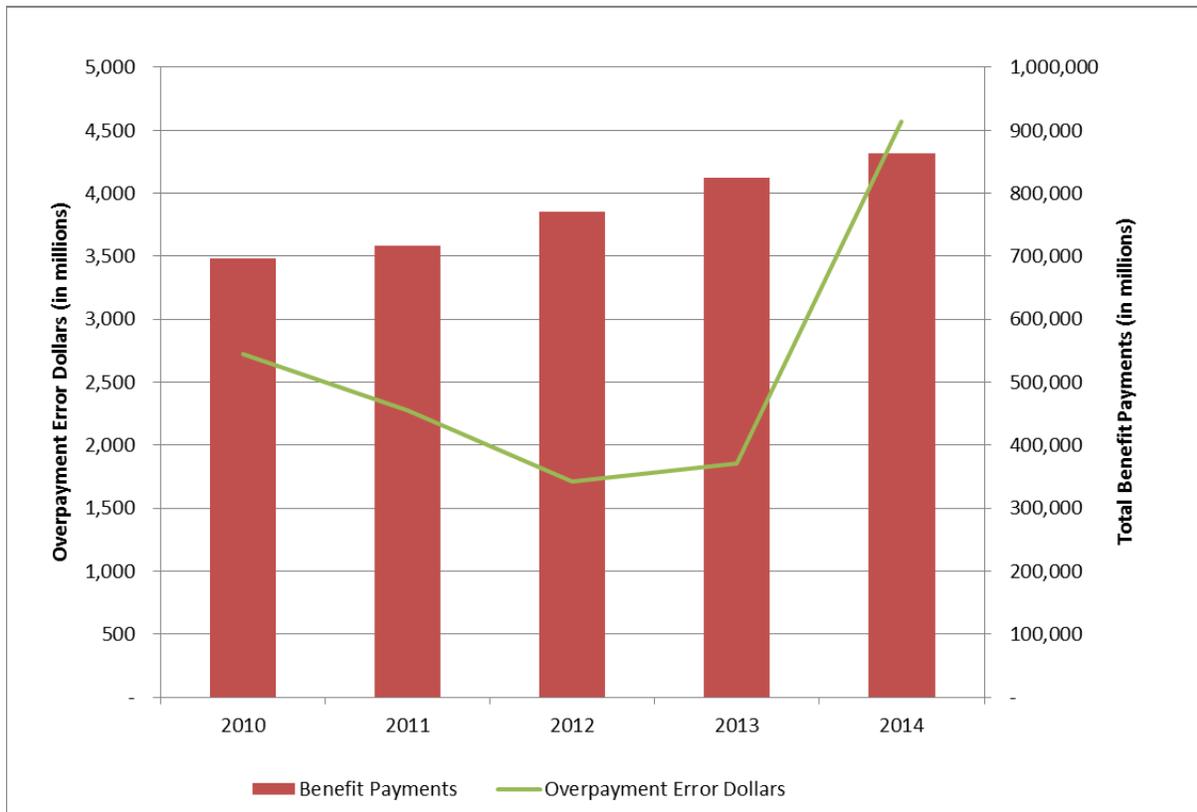
²¹ *Id.* at p. 192.

²² *Id.* at p. 193.

²³ A deemor is generally the ineligible parent or spouse of the individual who is eligible for (or receiving) SSI.

the targeted amounts and increased from the prior years. Figure 1 shows the change in the overpayment error dollars over the past 5 years in relation to the increase in OASDI benefit payments.

Figure 1: OASDI Benefit Payments and Overpayment Error Dollars



According to the Agency, the increase is attributable to Windfall Elimination Provision and Government Pension Offset errors. In accordance with OMB pass-back language for the FY 2016 budget, the Agency created an inter-component Windfall Elimination Provision/Government Pension Offset Corrective Action Plan Working Group to address the problems associated with these areas. The Agency should continue focusing resources on this area to ensure the OASDI overpayments decrease in the future.

Risk and Oversight Assessed by the OIG

To evaluate the agency’s assessment of the level of risk and the quality of the improper payment estimates and methodology, we reviewed a prior audit conducted by KPMG LLP²⁴ to evaluate SSA’s performance indicators established to comply with the *Government Performance and Results Act of 1993*. This audit reviewed the performance indicators related to Improper

²⁴ KPMG LLP, *Performance Indicator Audit: Improper Payments (A-15-11-11197)*, March 2012.

Payments. To comply with IPERA's risk assessment requirements and measure the accuracy of OASDI and SSI payments to beneficiaries, SSA conducts an annual stewardship review. Each month, SSA reviews a statistically valid sample of cases to determine payment accuracy. KPMG evaluated the statistical approach used and the weighting process to determine adequacy, accuracy, reasonableness, completeness, and consistency. KPMG noted that the sampling and weighting procedures appeared reasonable. We confirmed with the Agency that there have been no significant changes to the sampling process since this review was completed.

We continue overseeing the SSI and OASDI programs through various audits and evaluations. From October 2014 through September 2015, we issued 89 reports that identified over \$4 billion in questioned costs and \$3.5 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.²⁵

See Appendix C for our reports on reducing improper payments and increasing overpayment recoveries, issued from May through December 2015.

CONCLUSIONS

We found that the Agency did not comply with all IPIA reporting requirements, including meeting the OMB-established reduction targets for SSI and OASDI overpayments, 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 did not agree with statements made in the FY 2015 AFR or the Agency was not able to provide documentation.

While 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 wage reporting, actual deficiency dollars increased despite the implementation of SSITWR and SSIMWR. In addition, we noted that the OASDI overpayment dollars and rate had increased from the prior year. Over the past several years, the rates for this program have remained consistent. The Agency should continue researching initiatives that will help it meet the established reduction targets in improper payments for the OASDI and SSI programs.

²⁵ Additionally, we completed a review, *The Social Security Administration's Use of Hurricane Sandy Relief Funds* (A-15-14-14040), January 2015, to determine whether SSA appropriately used Hurricane Sandy Relief Funds under *The Disaster Relief Appropriations Act, 2013*.

RECOMMENDATIONS

Based on our review, we recommend SSA:

1. Ensure its FY 2016 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.



Rona Lawson
Deputy Assistant Inspector General for Audit

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 (FY) 2015 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 (IPERA)* 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 Budget, Finance, Quality, and Management 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 objectives, and the intended use of the data should not lead to incorrect or unintentional conclusions.

We conducted our review from November 2015 through March 2016 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*.

SSA did not report any payments made under *The Disaster Relief Appropriations Act, 2013* in FY 2015. Therefore, we did not review the six requirements from Section 3 of IPERA as they related to disaster relief funds.

Appendix B – NONCOMPLIANCE WITH OFFICE OF MANAGEMENT AND BUDGET GUIDANCE

OMB Guidance	OIG Observation	Agency Response
For high-priority programs, agencies shall provide the frequency of each supplemental measurement (that is, how often will the area be measured and reported on PaymentAccuracy.gov). ¹	We noted that the Agency discussed the supplemental measures including the timeframe for their implementation; however, the Agency did not provide information on how often each item would be measured and reported on PaymentAccuracy.gov	We will include this information in our Fiscal Year (FY) 2016 Agency Financial Report (AFR). However, we do annotate the reporting frequency of our supplemental measures and targets on PaymentAccuracy.gov. The update frequency for the Supplemental Security Income (SSI) Wage Reporting System and SSI redeterminations are both quarterly.
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. ²	<p>1. In the FY 2014 AFR, the target rate for Old-Age, Survivors and Disability Insurance (OASDI) overpayments was .20 percent. In the FY 2015 AFR, the estimated OASDI overpayment rate was .53 percent, which did not meet guidance requirements.</p> <p>2. In the FY 2014 AFR, the target rate for SSI underpayments was 1.20 percent. In the FY 2015 AFR, the estimated SSI underpayment rate was 1.48 percent, which did not meet guidance requirements.</p> <p>3. In the FY 2014 AFR, the target rate for SSI overpayments was 5 percent. In the FY 2015 AFR, the estimated SSI overpayment rate was 6.95 percent, which did not meet guidance requirements.</p>	<p>OMB determines the payment accuracy target for OASDI and SSI overpayment and underpayments. For FY 2014, each tenth of a percentage point in payment accuracy represents about \$862 million in OASDI program outlays and \$56.5 million in SSI program outlays.</p> <p>Given limited resources, we try to balance program integrity work with other agency priorities.</p>

¹ OMB Circular A-136, *Financial Reporting Requirements*, II.5.8 III(f), August 2015.

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.

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

1. *Supplemental Security Income Recipients Who Have Earnings* (A-01-16-50003), December 2015.
2. *Accuracy of Disability Benefits to Beneficiaries Who also Receive Federal Employees’ Compensation Act Payments* (A-02-15-22114), November 2015.
3. *Parole and Probation Violators and the Clark Court Order* (A-01-12-11215), November 2015.
4. *Supplemental Security Income Recipients Receiving Payments in Bank Accounts Outside the United States* (A-06-14-14037), October 2015.
5. *Supplemental Security Income Overpayments Pending a Collection Determination by the Social Security Administration* (A-07-15-15030), September 2015.
6. *Old-Age, Survivors and Disability Insurance Overpayments Pending Collection* (A-02-15-35001), September 2015.
7. *Non-Entitled Debtors Program* (A-03-14-24024), August 2015.
8. *Overpayment Waiver Requests Processed by Field Offices in Fiscal Years 2012 and 2013* (A-07-15-35031), July 2015.
9. *The Social Security Administration’s Use of the Treasury Offset Program* (A-04-14-14104), July 2015.
10. *Cost-Benefit Analysis of Processing Low-Dollar Overpayments* (A-07-14-14065), July 2015.
11. *Overpayments in the Social Security Administration’s Disability Programs – A 10-Year Study* (A-01-14-24114), June 2015.
12. *Concurrent Beneficiaries Who Did Not Have Supplemental Income Data on their Master Beneficiary Records* (A-06-14-14097), May 2015.
13. *Controls Over “Special Payment Amount” Overpayments for Title II Beneficiaries* (A-09-13-23098), May 2015.

Appendix D – AGENCY COMMENTS



SOCIAL SECURITY

MEMORANDUM

Date: April 26, 2016 **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 2015 Annual Financial Report” (A-15-16-50133) - 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 2015 AGENCY FINANCIAL REPORT” (A-15-16-50133)

General Comment

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 2016 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 2016 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 – ACKNOWLEDGMENTS

Victoria Vetter, Director, Financial Audit Division

Judith Kammer, Audit Manager

Kelly Stankus, Senior Auditor

Kimberly Beauchamp, Writer-Editor

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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Baltimore, Maryland 21235

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