

Overpayments Pending Collection for Miscellaneous Reasons

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Office of Audit Report Summary

Objective

Our objective was to determine whether the Social Security Administration (SSA) should have resolved Old-Age, Survivors and Disability Insurance overpayments that were pending collection for miscellaneous reasons.

Background

If a debtor or his/her representative payee disagrees with, and protests, an overpayment, SSA policy instructs employees to record the protest in the Debt Management System. According to SSA, it uses the miscellaneous due process code for overpayment issues that do not fall into its defined categories. This input prevents SSA from collecting the overpayment and places it in a due process status. Due process is the time between the initial protest and SSA's determination on the protest plus a 60-day appeal period. The overpayment remains in a miscellaneous due process status until an SSA employee resolves the protest by affirming, waiving, reducing, or removing the overpayment.

From 1 segment of SSA's Master Beneficiary Record, we identified 130 debtors with overpayments totaling approximately \$1.8 million that were pending collection longer than 1 year because of a miscellaneous due process status.

Findings

Our review of the 130 debtors with overpayments totaling approximately \$1.8 million confirmed that SSA had not resolved the overpayments or initiated/resumed their collection for longer than 1 year. We estimate there are approximately 2,600 debtors with overpayments totaling approximately \$35.4 million on the Master Beneficiary Record that SSA has not resolved or initiated/resumed collection for longer than 1 year.

SSA does not have sufficient controls in place to ensure it resolves these overpayments timely. For example, when alerts are created, SSA employees can clear them without taking proper action, providing notes or documentation, or recording the action taken to clear the alert. Additionally, SSA has no timeliness standard for resolving and removing overpayments in due process status. The longer these overpayments remain in miscellaneous due process, the less likely it is SSA will recover them.

Recommendations

We recommend SSA:

1. Resolve the miscellaneous due process status for the 130 debtors identified by this audit.
2. Identify and resolve all debtors with a miscellaneous due process status for longer than 1 year.
3. Establish timeliness standards for resolving overpayments in a due process status.
4. Regularly monitor the debt management database, and build controls into the modernized debt system, to ensure employees take appropriate action for overpayments in a due process status.

SSA agreed with three of our four recommendations. SSA disagreed with Recommendation 3.