

Manual Adjustments to Old-Age, Survivors and Disability Insurance Overpayments

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Office of Audit Report Summary

Objective

To determine whether Social Security Administration (SSA) employees manually adjusted Old-Age, Survivors and Disability Insurance (OASDI) overpayment balances accurately.

Background

SSA records OASDI overpayments in the Recovery of Overpayments, Accounting and Reporting (ROAR) system. When SSA's systems cannot correctly establish or adjust overpayments in ROAR, employees must take manual actions via Manual Adjustment, Credit, and Award Data Entry (MACADE). Because of the complexities of SSA's policies concerning overpayment processing and procedures for manually adjusting OASDI records, manual overpayment adjustments can be error-prone.

From the ROAR data of 1 segment of the Master Beneficiary Record, we identified 9,264 manual transactions processed in Fiscal Years (FY) 2013 through 2016 that adjusted OASDI overpayments. From this population, we reviewed random samples of 100 adjustments from each of 2 sampling frames. The first sampling frame included 8,136 adjustments ranging from \$1,000 to \$20,000. To determine whether adjustments of larger amounts had a higher risk for error, we reviewed a second sampling frame that included 1,128 adjustments greater than \$20,000.

Findings

SSA employees did not always accurately adjust OASDI overpayments. Of the 200 manual adjustments sampled, 71 (36 percent) incorrectly reduced or increased the overpayment balances, resulting in errors totaling \$808,814. We project there were 62,260 incorrect manual adjustments to OASDI overpayments with errors totaling over \$349 million in FYs 2013 through 2016. Specifically, we project employees incorrectly reduced overpayment balances by over \$276 million. SSA will not attempt to collect \$276 million in overpayments unless it takes action to restore the balances to the beneficiaries' records. Further, we project employees incorrectly increased overpayment balances by almost \$73 million. Thus, SSA will attempt to recover \$73 million more than the beneficiaries owed.

We determined SSA employees made substantial errors when they made overpayment adjustments less and greater than \$20,000. However, the amount of errors that resulted from larger adjustments was greater on average than errors from adjustments less than \$20,000. SSA should focus its corrective actions on overpayment adjustments greater than \$20,000 to target higher dollar errors.

Regardless of adjustment amount, we identified four reasons errors occurred in overpayment adjustments: incorrect overpayment calculations, incorrect MACADE inputs, improperly removed overpayments, and invalid overpayment actions.

Recommendations

We made four recommendations for SSA to take appropriate actions to address incorrect manual adjustments to OASDI overpayments.

SSA agreed with our recommendations.