

Old-Age, Survivors and Disability Insurance Benefits Withheld Pending a Windfall Offset Determination

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Office of Audit Report Summary

Objective

To determine whether the Social Security Administration (SSA) had adequate controls to ensure it accurately and timely paid the Old-Age, Survivors and Disability Insurance (OASDI) benefits it withheld pending a windfall offset determination.

Background

The windfall offset provision prevents an individual from receiving monthly OASDI and Supplemental Security Income (SSI) payments in excess of the total amount beneficiaries would have been paid had the OASDI benefits been disbursed when they were due rather than retroactively.

In potential offset cases, SSA employees must enter a windfall indicator code on the Windfall Offset Data line of the Master Beneficiary Record. When SSA processes an OASDI claim, it temporarily withholds past-due benefits pending a windfall offset determination. SSA controls the offset determination by a follow-up diary and alert to ensure the offset is processed.

We identified 61,984 beneficiaries whose OASDI benefits SSA had withheld pending a windfall offset determination as of October 2014.

Findings

We continue to find that SSA needs to improve controls to ensure it accurately and timely pays OASDI benefits withheld pending a windfall offset determination. We estimate that

- 13,141 beneficiaries' windfall offset actions were not processed and therefore SSA withheld about \$113.2 million in OASDI benefits, of which we estimate approximately \$71.9 million was payable to these beneficiaries, and
- 19,587 beneficiaries' windfall offset actions were correctly processed but not in a timely manner; therefore, these beneficiaries did not promptly receive about \$195.2 million in OASDI benefits.

In addition, SSA incorrectly processed the windfall offset determinations for five beneficiaries. As a result, SSA improperly withheld \$12,775 in OASDI benefits for these beneficiaries.

Finally, SSA did not take corrective actions for 50.6 percent of the beneficiaries we identified during our 2011 audit.

Recommendations

We made several recommendations for SSA to take corrective actions for the beneficiaries identified by our audits and to improve controls to ensure SSA timely and accurately pays OASDI benefits withheld pending a windfall offset determination.

SSA agreed with our recommendations.