

Improper Payments Resulting from Unresolved Delayed Claimants

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Office of Audit Report Summary

Objective

To determine whether the Social Security Administration (SSA) had adequate controls to ensure it resolved delayed claimants and paid benefits due all affected beneficiaries.

Background

Auxiliary and survivor claimants who have filed a claim but have not provided all the required evidence of eligibility are placed in a delayed payment status.

SSA considers delayed claimants entitled when it computes benefit payments for currently entitled beneficiaries on the same record. This protects delayed claimants from losing benefits and prevents overpayments to currently entitled beneficiaries if SSA subsequently determines the delayed claimants are entitled. If, however, the delayed claimant is denied, the benefit payments to the entitled beneficiaries are increased.

In a 2009 audit, we found that SSA did not always take appropriate action to resolve delayed auxiliary or survivor claimants. We estimated that if SSA approved the delayed claimants, the auxiliary or survivor claimants on 5,680 records would be due about \$29.6 million and, if not approved, SSA improperly paid the currently entitled auxiliary beneficiaries on 6,680 records about \$22 million.

Our Findings

Since we issued our 2009 audit, SSA had reduced the number of unresolved delayed claimants. However, our current review found that SSA's controls did not always ensure it properly resolved all delayed claimants. Based on our random sample, we estimate that if SSA

- approves the auxiliary or survivor delayed claimants on 1,620 records, they would be due about \$9.1 million and
- does not approve the delayed claimants, the currently entitled auxiliary beneficiaries on 1,710 records will be improperly paid about \$6.8 million.

We also estimate that SSA did not timely resolve the delayed claims for 2,730 records. This occurred because SSA employees did not (1) establish diaries for claimants placed in delayed status, (2) take appropriate action on the diaries when they matured, or (3) resolve alerts for delayed claimants.

Our Recommendations

We recommend that SSA:

1. Take appropriate action to resolve the 61 records with delayed claimants identified by our audit.
2. Evaluate the results of its corrective action for the 61 records and determine whether it should review the remaining population of 5,801 records with delayed claimants who have been pending more than 90 days.
3. Remind employees of the proper policies and procedures to establish and take action on diaries and alerts received for claimants in delayed status.

SSA agreed with our recommendations.