

Individuals Who Had Federal Earnings and Old-Age, Survivors and Disability Insurance Overpayments

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Office of Audit Report Summary

Objective

To determine whether the Social Security Administration (SSA) was collecting overpayments from individuals who had Federal earnings and an Old-Age, Survivors and Disability Insurance (OASDI) overpayment.

Background

Under the OASDI program, SSA pays monthly benefits to retired or disabled workers and their families as well as to survivors of deceased workers. SSA bases the monthly benefit amount (MBA) it pays an individual on specific eligibility and entitlement factors. An adverse change in one or more of these factors can reduce the MBA at the point the change occurred. If a change adversely affects an individual's entitlement to all or part of the MBA but is not reported or detected, SSA will pay the individual more than he/she is due.

When SSA adjusts the individual's record to reflect an adverse change, it posts an overpayment to the record, notifies the individual of the overpayment, and attempts full and immediate recovery. One collection method SSA may use to recover an overpayment is Federal Salary Offset. For this review, we identified overpaid individuals who also had Federal earnings.

Findings

While SSA generally collected OASDI overpayments from individuals who had Federal earnings, it did not recover all overpayments. Specifically, while not always timely, SSA was collecting or had waived overpayments for 6,965 (88.2 percent) of 7,901 individuals in our population. These individuals' overpayments totaled \$68.1 million.

SSA did not collect \$13.5 million in overpayments from 936 individuals (11.8 percent). Of these, we determined there were individuals whose overpayments SSA did not have adequate time to take such action as responding to a waiver request, resuming collection after denying a waiver, or establishing an installment agreement. Also, there were some individuals whose Federal, and sometimes additional, earnings were below poverty levels.

SSA needs to identify the outstanding issues that prevent it from recovering those overpayments it had not recovered during our audit period and start or resume collection where applicable. We recognize that SSA has periodic reviews that identify individuals who have outstanding overpayments and its competing workloads sometimes take precedence over its recovery efforts. Nevertheless, SSA has a responsibility to effectively manage its overpayment recovery efforts and should avoid allowing overpayments to remain uncollected for an extended period. Finally, while we defer to the Agency on whether it will pursue collection of overpayments from individuals whose earnings are below the poverty level, it should immediately respond to those individuals with waiver or explanation requests that had been pending longer than 6 months.

Recommendations

We recommend that SSA:

1. Pursue all available methods to recover the 740 overpayments and process the 73 outstanding waiver requests (62 individuals with earnings above and 11 below poverty level) identified in our review.
2. Resolve the overpayments and waiver requests SSA identifies in its periodic reviews of OASDI overpayments that have been outstanding over an extended period and determine whether an action is needed.

SSA agreed with our recommendations.