



Office of the Inspector General
SOCIAL SECURITY ADMINISTRATION

Audit Report

Incorrect Old-Age, Survivors and
Disability Insurance Benefit
Payment Computations that
Resulted in Overpayments

A-07-18-50674 | May 2022



Office of the Inspector General

SOCIAL SECURITY ADMINISTRATION

MEMORANDUM

Date: May 26, 2022

Refer To: A-07-18-50674

To: Kilolo Kijakazi
Acting Commissioner

From: Gail S. Ennis, 
Inspector General

Subject: Incorrect Old-Age, Survivors and Disability Insurance Benefit Payment Computations that Resulted in Overpayments

The attached final report presents the results of the Office of Audit's review. The objective was to determine whether overpayments resulting from incorrect Old-Age, Survivors and Disability Insurance benefit payment computations were avoidable.

If you wish to discuss the final report, please contact Michelle L. Anderson, Assistant Inspector General for Audit.

cc: Trae Sommer

Attachment

Incorrect Old-Age, Survivors and Disability Insurance Benefit Payment Computations that Resulted in Overpayments

A-07-18-50674



May 2022

Office of Audit Report Summary

Objective

To determine whether overpayments resulting from incorrect Old-Age, Survivors and Disability Insurance benefit payment computations were avoidable.

Background

The Social Security Administration (SSA) considers numerous factors, including a beneficiary's age, earnings, and benefit type, when it determines their monthly benefits. These are known as entitlement factors.

SSA makes incorrect benefit computations when employees enter the wrong information into SSA's systems or incorrectly calculate benefits. Benefits are incorrectly computed when employees or systems base calculations on inaccurate information. When SSA detects an error or obtains accurate information, it corrects the benefits and establishes an overpayment or issues an underpayment. We focused our review on overpayments.

We identified overpayments recorded as being caused by incorrect benefit computations that were greater than \$1,000 established in Fiscal Years 2016 through 2019 (October 1, 2015 to September 30, 2019) and reviewed a random sample. We also surveyed SSA employees to gather information about benefit computations and SSA's controls over benefit accuracy.

Results

We estimate SSA could have avoided approximately 73,000 overpayments totaling more than \$368 million if it had effective controls over benefit-computation accuracy. SSA's controls did not always ensure the Agency calculated benefits accurately.

SSA's automated systems cannot compute benefit payments due in certain situations, and the Agency does not provide employees a comprehensive tool to use when they must manually calculate benefits. Without adequate automation tools, employees made incorrect benefit calculations, used inaccurate entitlement factors, and made improper manual inputs. Finally, SSA does not regularly identify, track, and analyze quality review data to enable ongoing monitoring of benefit-computation accuracy.

Recommendations

We recommended SSA:

1. Improve Agency systems to automate benefit computations and reduce the need for manual processing.
2. While efforts to improve automation are in process, create an integrated benefit computation resource that is centrally located and includes the functionality and automation assistance offered by existing tools and instruct employees to use it.
3. Enhance metrics tracked through quality reviews to support ongoing monitoring of trends in benefit-computation errors, along with existing targeted case reviews, to help inform future automation initiatives and trainings.

SSA agreed with our recommendations.

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ABBREVIATIONS

C.F.R.	Code of Federal Regulations
FO	Field Office
ICF	Interactive Computation Facility
MBR	Master Beneficiary Record
OASDI	Old-Age, Survivors and Disability Insurance
OIG	Office of the Inspector General
OQR	Office of Quality Review
PC	Payment Center
POMS	Program Operations Manual System
PQR	Performance Quality Review
ROAR	Recovery of Overpayments, Accounting, and Reporting
SSA	Social Security Administration
U.S.C.	United States Code

OBJECTIVE

To determine whether overpayments resulting from incorrect Old-Age, Survivors and Disability Insurance (OASDI) benefit payment computations were avoidable.

BACKGROUND

The OASDI program provides monthly benefits to workers and their family members who meet certain criteria in the event the worker retires, becomes disabled, or dies.¹ The Social Security Administration (SSA) considers numerous entitlement factors, including a beneficiary's age, earnings, and benefit type, when it determines the monthly benefit due.² SSA's field office (FO) and processing center (PC) employees are responsible for ensuring all initial benefit calculations are accurate.³ Employees establish benefit payment amounts on the Master Beneficiary Record (MBR) when they process beneficiaries' initial claims. The MBR stores all information needed to pay OASDI benefits to a worker or the worker's family members. SSA may change benefit payment amounts after the initial claim for several reasons, including corrections or additions to the worker's earnings; entitlement to another type of benefit, such as converting from spousal to survivors benefits on the same or different MBR; or entitlement of another family member on the MBR.

Although SSA's systems can automatically compute most benefit payment amounts, some require manual employee actions. For most initial claims, the Modernized Claims System calculates and establishes benefit payment amounts on the MBR; however, employees must accurately input entitlement factors, such as date of birth, to produce accurate results. For post-entitlement actions, the Title II Redesign system updates the MBR, including changing benefit payment amounts, often without manual actions. However, the system has limitations. For example, the system cannot process changes when beneficiaries are entitled on multiple MBRs. When Title II Redesign cannot automatically update the MBR, employees must manually calculate benefits due.

SSA makes incorrect benefit computations when employees enter the wrong information into SSA's systems or incorrectly calculate benefits. For example, an employee may transpose two numbers, which changes the benefit due. Benefits can also be incorrectly computed when employees or systems base calculations on inaccurate information, for instance, incorrect earnings. In addition, the complexity of entitlement determinations and benefit calculations written into Federal law contributes to benefit-computation errors. The *Social Security Act* outlines how SSA must determine entitlement and compute benefits in various situations.⁴ Therefore, legislation would be required to simplify computations.

¹ 42 U.S.C. §§ 402 and 423.

² 42 U.S.C. § 403; 20 C.F.R. § 404.204; and SSA, *POMS*, RS 00615.015, A (January 9, 2004).

³ SSA, *POMS*, RS 00601.005, A (February 8, 2011). PCs include co-located Workload Support Units that also calculate benefits for claims filed online.

⁴ 42 U.S.C. §§ 402 and 423.

When SSA detects an error or obtains accurate information, it corrects the benefits and establishes an overpayment or issues an underpayment.⁵ SSA uses the Recovery of Overpayments, Accounting, and Reporting (ROAR) system to record and track overpayments, including the reason for the overpayment and recovery efforts. SSA uses the Payment History Update System to record underpayments. However, that system does not track the reason for underpayments. As such, we focused our review on overpayments.

From the ROAR data from 1 segment of the MBR,⁶ we identified 7,283 OASDI overpayments recorded as caused by incorrect benefit computations that were greater than \$1,000 and established in Fiscal Years 2016 through 2019 (October 1, 2015 to September 30, 2019). We limited our review to overpayments greater than \$1,000 to focus on substantial benefit changes that resulted in overpayments greater than SSA’s administrative waiver tolerance.⁷ We reviewed a random sample of 100 overpayments.⁸

Additionally, we surveyed 900 SSA employees to gather information about benefit computations and SSA’s controls over benefit accuracy (see Table 1).⁹ Of the 900 employees surveyed, 331 (37 percent) responded.

Table 1: SSA Employees Surveyed

Employee Location	Number of Employees Surveyed	Number of Respondents	Response Rate
FO	500	206	41%
PC	400	125	31%
Total	900	331	37%

⁵ SSA overpays a beneficiary any time it should have paid a lower benefit. SSA, POMS, GN 02201.001, A and C (October 18, 2017). SSA underpays a beneficiary any time it should have paid a higher benefit. SSA, POMS, GN 02301.001, A (September 14, 2017).

⁶ The MBR is divided into 20 segments based on the last 2 digits of the primary wage earner’s Social Security number. One segment of the MBR represents 5 percent of the total population of wage earners. Because each segment contains similar characteristics, the characteristics of 1 segment are deemed to be representative of all 20 segments.

⁷ SSA, POMS, GN 02210.220, A (January 3, 2019).

⁸ See Appendix A for the scope and methodology of our review.

⁹ See Appendix C for our survey methodology.

RESULTS OF REVIEW

We estimate SSA could have avoided approximately 73,000 overpayments totaling more than \$368 million if it had effective controls over benefit-computation accuracy.¹⁰ SSA's controls did not always ensure the Agency calculated benefits accurately.

SSA's automated systems cannot compute benefit payments due in certain situations, and the Agency does not provide employees a comprehensive tool to use when they must manually calculate benefits. Without adequate automation tools, employees can make errors. Finally, SSA does not regularly identify, track, and analyze quality review data to enable ongoing monitoring of benefit-computation accuracy.

Sample Results

Of the 100 overpayments in our sample, 87 were the result of incorrect computations. The remaining 13 overpayments were miscoded and did not result from incorrect computations.¹¹ SSA could have avoided 50 of the 87 incorrect computation overpayments but could not have avoided the remaining 37.

Overpayments SSA Could Have Avoided

SSA could have avoided 50 overpayments totaling \$252,867.¹² Because SSA systems could not automatically process actions, employees had to take manual actions that resulted in various errors.

¹⁰ Our analysis is based on a sample of overpayments SSA identified and recorded in its systems. We did not analyze incorrect computations that resulted in underpayments owed to beneficiaries nor did we attempt to estimate the number or amount of under- or overpayments caused by incorrect computations that have occurred but the Agency had not identified and recorded.

¹¹We are considering a separate audit to evaluate these types of accuracy issues.

¹² The portion of those overpayments that was avoidable ranged from \$176 to \$41,990. The average overpayment was \$5,057 and the median overpayment was \$2,503.

Incorrect Calculations. Twenty-nine overpayments occurred because employees did not: use the correct benefit formulas; properly process or adjust for the entitlement of additional beneficiaries or benefits; or follow policy when calculating benefits. For example, a beneficiary was entitled to disability benefits based on his own earnings and childhood disability benefits based on his father's earnings. In February 2016, when awarding benefits to a second child on the father's record, an employee had to recompute the childhood disability benefit. The employee did not consider the beneficiary's entitlement on his own record when they recalculated the childhood disability benefit and erroneously increased his monthly benefit from \$200 to \$514. According to policy, when a beneficiary is entitled on more than one record, employees must review benefits paid under both records to determine the correct benefit due.¹³ In October 2016, SSA correctly reduced the monthly benefit back to \$200 and posted a \$3,454 overpayment.¹⁴ SSA could have eliminated the risk of human error and prevented the overpayment had its systems been able to automate the processing of the second child's award.

Incorrect Entitlement Factors. Sixteen overpayments occurred because employees used inaccurate entitlement factors when they calculated benefits. For example, in June 2014, an FO employee processing an application for retirement benefits used an incorrect date of birth that was recorded in SSA's systems. According to SSA policy, date of birth is a key factor in determining when a claimant becomes entitled to benefits and the amount due.¹⁵ In this case, the incorrect date of birth resulted in a higher benefit. The beneficiary provided the FO evidence of the correct date of birth later in June 2014. According to SSA, there was no way for it to automatically detect the initial date of birth was incorrect. The FO employee reviewed the evidence and determined that SSA should change the date of birth.¹⁶ However, because of systems limitations, the FO employee could not automatically correct the MBR. The FO sent a request to the PC in June 2014, but the PC did not take the manual actions required to correct the date of birth or reduce the benefit until January 2017.¹⁷ As a result, SSA overpaid the beneficiary \$3,735 that could have been prevented.¹⁸

¹³ SSA, *POMS*, RS 00615.020 (August 21, 2014).

¹⁴ The beneficiary repaid the overpayment via partial withholding of \$40 per month from his benefit payment.

¹⁵ SSA, *POMS*, RS 00615.015 (January 9, 2004).

¹⁶ SSA stated, ". . . a date of birth change requires further review to consider changes to the beneficiary's MBR; therefore, this process cannot be automated."

¹⁷ The FO employee requested PC assistance via a modernized development worksheet. In a prior audit, we identified significant delays in PC resolution of modernized development worksheets and recommended SSA improve controls over the process. SSA agreed with our recommendations. SSA, OIG, *The Social Security Administration's Controls over High-priority Modernized Development Worksheets*, A-07-18-50363 (September 2021).

¹⁸ The beneficiary repaid the overpayment via partial withholding of \$105 per month from his benefits.

Incorrect Inputs. Five overpayments occurred because employees made incorrect manual inputs when they updated benefits due on the MBR. For example, in January 2015, SSA awarded a beneficiary disability benefits beginning September 2013. The FO employee input the claim information but, because of a system limitation, sent the claim to a PC employee to manually add the information to the MBR. When the PC employee processed the claim, they entered incorrect benefit amounts. SSA corrected the benefits in September 2017 and posted a \$1,464 overpayment.¹⁹ SSA could have eliminated the risk of human error and prevented the overpayment had its systems been able to automate the processing of the claim.

Of the employees who responded to our survey, 182 believed SSA could improve benefit-computation accuracy. Of these, 68 (37 percent) explained that SSA could add and/or streamline automation.²⁰

SSA identified two projects that, if completed, will minimize manual processing by employees:

- As part of SSA's information technology modernization plan, it included a project that will modernize and upgrade applications SSA uses to compute OASDI benefits. According to SSA, this project “. . . will streamline processing and reduce some of the conditions that require manual processing by technicians.”
- Under a PC Automation Initiative, SSA plans to address several “. . . [Title II Redesign] exceptions, processing limitations, and alerts.” SSA intends for this project to reduce the volume of manual actions employees must take.

SSA did not provide planned implementation dates for either project. SSA should improve its systems to automate benefit computations and reduce the need for manual processing.

Overpayments SSA Could Not Have Avoided

For the remaining 37 overpayments in our sample, SSA became aware of new information that required that it recompute benefits, which resulted in the beneficiaries being entitled to lower benefits than the Agency previously paid them. For example, in October 2011, a beneficiary informed SSA she would begin receiving her pension in January 2016. SSA generally reduces benefits paid to individuals who receive a pension based on Federal, State, or local government employment not covered by Social Security.²¹ However, the beneficiary began receiving her pension in June 2015 and did not inform SSA. When SSA became aware of the new pension information in October 2016, it reduced the beneficiary's payments and posted a

¹⁹ SSA waived the overpayment in October 2017.

²⁰ The remaining respondents who commented on benefit-computation accuracy suggested SSA offer improved or expanded training and various other improvements, such as increasing hiring, reducing workload pressures, and allowing the FOs more processing control to reduce reliance on the PCs.

²¹ 42 U.S.C. § 415(a)(7)(B).

\$5,890 overpayment. SSA could not have avoided this overpayment because it did not receive accurate and timely pension information.²²

Benefit Computation Tools

Because the Agency's Modernized Claims and Title II Redesign systems have processing limitations, employees use other tools when they must manually calculate benefits due. While SSA provides multiple tools, it does not provide employees a comprehensive benefit computation tool. For example, SSA created tools such as the Interactive Computation Facility (ICF), Rates Tool, ICFwiz, and Western Program Service Center Rate Computation worksheets.²³

Our survey indicated there was a wide variance in tool usage by SSA employees. Although all tools are available to all employees, according to SSA, ". . . some tools are likely to be used primarily in the FO or primarily in the PC. Responses on levels of usage may not indicate an issue, as some tools are only used by certain positions in certain offices." Of the 232 employees who responded when asked about the different tools available to calculate and/or manually input benefits:²⁴

- 188 (81 percent) always or often used ICF;
- 95 (41 percent) always or often used the Rates Tool;
- 77 (33 percent) always or often used Western Program Service Center Rate Computation worksheets; and
- 70 (30 percent) always or often used ICFwiz.

The existing tools are not centrally located, which requires that employees visit multiple Intranet sites and/or applications to access them. For example, the Western Program Service Center developed computation spreadsheets for regional use and maintains them on the Region's Intranet page, which is accessible to all SSA employees. Additionally, SSA provides employees access to the Rates Tool and ICFwiz via a national toolbar; however, the tools are not integrated.

²² In an ongoing audit, SSA, OIG, *The Social Security Administration's Challenges and Successes in Obtaining Data to Determine Eligibility and Payment Amounts*, A-01-21-51029, we are evaluating SSA's efforts to implement new data exchanges to reduce its reliance upon beneficiaries self-reporting information that could affect their eligibility and payment amounts. In prior audits, SSA, OIG, *The Social Security Administration's Use of Administrative Sanctions in the Old-Age, Survivors and Disability Insurance Program*, A-07-07-17052 (September 2008) and *Individuals Who Have Multiple Overpayments Caused by Failure to Report Earnings*, A-07-16-50081 (January 2017), we addressed punitive actions available to SSA when beneficiaries failed to report information and recommended SSA use them to the fullest extent possible. For both of the audits, SSA agreed with, and implemented, all of our recommendations.

²³ SSA makes other tools available to employees, but we limited our discussion to the four tools survey respondents used most frequently.

²⁴ The remaining 99 survey respondents did not answer this question. The responses total more than 232 because employees could provide responses for each tool.

Although some tools have similar functions, they provide varying levels of functionality and automation assistance (see Table 2). Employees must learn where each tool is located, how to navigate it, and whether it is appropriate for a specific benefit computation.

Table 2: Benefit Computation Tools

Functions	ICF	Rates Tool	Rate Computation Worksheets	ICFwiz
Allows employees to compute simple benefit calculations	X	X	X	X
Allows employees to compute complex benefit calculations			X	
Automatically pulls data needed to calculate benefits from the MBR				X
Allows employees to copy and paste certain data needed to calculate benefits from the MBR		X		
Requires all manual inputs to calculate benefits	X		X	
Transfers calculated benefits to other systems for entry		X	X	X

Although various tools are available, SSA does not require that employees use any tool. SSA gives employees discretion in whether to use the tools because workloads and employees' individual preferences vary. According to SSA, "Different rate tools are available, and some provide similar functions. As technicians use different tools for the same issue, technicians may develop a habit of using one tool over another." In fact, employees may be unaware other tools are available. Of the employees we surveyed, 55 were unfamiliar with all of the benefit computation tools available to them. For example, respondents stated that they were "unaware of those programs" and "not for sure where they are located."

SSA should prioritize improving its Modernized Claims and Title II Redesign systems to reduce manual processing and reliance on benefit computation tools, but such changes could take many years. In the interim, to address the inefficiencies and lack of familiarity with the multiple tools, we recommend SSA create an integrated benefit computation resource that is centrally located and includes the functionality and automation assistance offered by existing tools and instruct employees to use it.

Quality Review Processes

SSA provides feedback to employees concerning benefit-computation accuracy via periodic Office of Quality Review (OQR) studies and Performance Quality Reviews (PQR). According to Federal internal control standards, in addition to periodic evaluations, management should engage in ongoing monitoring that is “. . . built into the entity’s operations, performed continually, and responsive to change.”²⁵ Though SSA performs some periodic organization-wide analysis, it does not perform ongoing monitoring in which it regularly identifies, tracks, and analyzes quality review data related to benefit-computation accuracy.

SSA’s OQR conducts periodic, targeted reviews and special studies in specific program areas and provides written feedback to FO and PC employees. The types of cases reviewed, sample sizes, and review frequency vary depending on the study. According to SSA, “Periodically and after a review has been completed, OQR aggregates the information and formulates high level reports which provide detailed statistics on the trends and specific error counts, etc. and provides recommendations for improvement.” In a June 2018 report,²⁶ OQR found benefit computations were among the top three dollar-error categories during a review of nonmedical factors of entitlement and eligibility for initial OASDI claims. OQR recommended SSA provide employees additional training on manual benefit computations.

SSA also provides monthly feedback to FO and PC employees via the PQR and PQR-PC processes, respectively.²⁷ While these two processes vary, they both involve a review of two cases per employee per month. Managers randomly select cases from all those the employees processed during the month.²⁸ Team leaders review the cases and provide written feedback²⁹ to the employees on the cases reviewed, regardless of whether errors are found. As part of its PQR processes, SSA conducts limited trend analysis of broad categories of workloads and error categories. However, according to SSA, “The PQR and PQR-PC programs do not separate errors based on type of error and do not specify if an error was due to an incorrect benefit computation.” Because SSA does not identify and track benefit-computation errors, it cannot perform ongoing monitoring of PQR data related to benefit-computation accuracy at an organization-wide level.

²⁵ Government Accountability Office, *Standards for Internal Control in the Federal Government*, GAO-14-704G, p. 65 (2014).

²⁶ SSA, Office of Analytics, Review, and Oversight, *Fiscal Year 2017 Title II Transaction Accuracy Review Report* (June 2018).

²⁷ Although Workload Support Units are co-located with PCs, SSA uses the PQR process for Workload Support Unit employees.

²⁸ Under PQR, FO managers may limit the case selection to certain review topics that could include benefit computations.

²⁹ Under PQR, team leaders may also provide verbal feedback.

SSA's PQR processes can track benefit-computation errors and produce useful analysis. According to SSA, for the broad error categories it tracks, SSA can perform the following:

- "PQR offers multiple [management information] reports with accuracy information by review topic that is available nationally, regionally, or at the office level."
- "PQR has published four Data Analysis Reports that take a deep-dive look at the detailed error-specific data on a given review topic to propose training, policy, and systems enhancement to better address problem areas."
- PQR-PC allows managers to ". . . obtain summary reports identifying substantial deficiencies a reviewer may categorize to note trends within that category."

However, SSA did not design its quality review processes to regularly identify, track, and analyze incorrect benefit-computation errors. As a result, the Agency is not using this information to inform future automation initiatives or training. Per our survey results, 55 percent of respondents indicated they would like additional training on improving the accuracy of benefit computations.³⁰ Quality review data analytics could be a valuable tool for SSA to identify training needs and curricula.³¹ We recommend SSA enhance metrics tracked through quality reviews to support ongoing monitoring of trends in benefit-computation errors, along with existing targeted case reviews, to help inform future automation initiatives and training.

RECOMMENDATIONS

While this audit focused on overpayments resulting from incorrect benefit payment computations, our recommendations to improve the accuracy of computations should reduce overpayments and underpayments. We recommend SSA:

1. Improve Agency systems to automate benefit computations and reduce the need for manual processing.
2. While efforts to improve automation are in process, create an integrated benefit computation resource that is centrally located and includes the functionality and automation assistance offered by existing tools and instruct employees to use it.
3. Enhance metrics tracked through quality reviews to support ongoing monitoring of trends in benefit-computation errors, along with existing targeted case reviews, to help inform future automation initiatives and trainings.

³⁰ When asked to describe the additional training they would like to receive, respondents stated they would like training on computation tools and complex benefit computations situations. Additionally, others indicated they would like ongoing refresher training.

³¹ According to SSA, "Outside of national-level training initiatives, [SSA] regions identify training needs within their jurisdiction based on numerous sources (quality review data, accuracy reports, audit findings, policy/procedure updates, etc.). Identified issues in one region may not be an issue in another. The regions need flexibility to identify and address issues within their own jurisdiction, which also ensures limited time and resources are used effectively."

AGENCY COMMENTS

SSA agreed with our recommendations. See Appendix D for the full text of SSA's comments.



Michelle L. Anderson
Assistant Inspector General for Audit

APPENDICES

Appendix A – SCOPE AND METHODOLOGY

To accomplish our objective, we:

- Reviewed applicable sections of the *Social Security Act* and Social Security Administration’s (SSA) Program Operations Manual System (POMS), technical guidance, and reports.
- Reviewed prior SSA and Office of the Inspector General reports.
- From the Recovery of Overpayments, Accounting, and Reporting (ROAR) data from 1 segment of the Master Beneficiary Record (MBR), obtained a data extract of 19,314 Old-Age, Survivors and Disability Insurance (OASDI) overpayments that SSA established in Fiscal Years 2016 through 2019 and recorded as being caused by incorrect computations.¹ From these, we identified 7,283 OASDI overpayments that were greater than \$1,000. We limited our review to overpayments greater than \$1,000 to focus on substantial benefit changes that resulted in overpayments greater than SSA’s administrative waiver tolerance.²
- Reviewed a random sample of 100 overpayments. To do so, we:
 - Reviewed records, computation documentation, employee remarks, and notices from the following SSA systems and queries:
 - MBR,
 - ROAR,
 - Online Retrieval System,
 - Claims File User Interface, and
 - Paperless Read Only Query System.
 - Determined whether the overpayments were:
 - attributable to SSA’s errors;
 - attributable to beneficiaries’ failure to accurately provide information to SSA; or
 - unavoidable because of policy or processing constraints.

¹ The MBR is divided into 20 segments based on the last 2 digits of the primary wage earner’s Social Security number. One segment of the MBR represents 5 percent of the total population of wage earners. Because each segment contains similar characteristics, the characteristics of 1 segment are deemed to be representative of all 20 segments.

² SSA, *POMS*, GN 02210.220, A (January 3, 2019).

We identified as SSA attributable errors overpayments caused by incorrect benefit computations that SSA could have prevented. We considered as errors incorrect benefit computations caused by manual benefit calculations, incorrect entitlement factor determinations, failure to consider multiple beneficiaries and/or multiple records, manual input errors in OASDI systems, and failure to accurately apply policies such as protecting benefit amounts for beneficiaries already entitled on a record when another beneficiary files for benefits late and becomes entitled for the same period.³

For overpayments caused by a combination of SSA attributable errors and beneficiaries' failure to accurately provide information, we determined what portion of the overpayment was caused by SSA's computation error.

- Surveyed 900 SSA employees to gather information about benefit computations and SSA's controls over benefit accuracy.⁴

We conducted our review between September 2020 and October 2021. We determined the data used for this audit were sufficiently reliable to meet our objective. The principal entity audited was the Office of Operations. We assessed the significance of internal controls necessary to satisfy the audit objective. This included an assessment of the five internal control components, including control environment, risk assessment, control activities, information and communication, and monitoring. In addition, we reviewed the principles of internal controls associated with the audit objective. We identified the following components and principles as significant to the audit objective.

- Component 3: Control Activities
 - Principle 10: Design control activities
 - Principle 12: Implement control activities
- Component 5: Monitoring
 - Principle 16: Perform monitoring activities

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for findings and conclusions based on our audit objectives. We believe the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

³ SSA, *POMS*, RS 00615.760 (April 13, 2016).

⁴ See Appendix C for our survey methodology.

Appendix B – SAMPLING METHODOLOGY AND RESULTS

Sampling

From our population of 7,283 overpayments,¹ we selected a random sample of 100 for review (see Table B–1).

Table B–1: Population and Sample Size

Description	Number of Overpayments
Population Size (identified in 1 segment of the Master Beneficiary Record)	7,283
Sample Size	100
Estimated Total Population (Population Size x 20 segments) ²	145,660

Sample Errors and Projections

Of the 100 sampled overpayments, 50 could have been avoided. The portion of those overpayments attributable to the Social Security Administration (SSA) ranged from \$176 to \$41,990 and totaled \$252,867.³ Based on this, we estimate SSA could have avoided approximately 73,000 overpayments totaling more than \$368 million (see Table B–2).

Table B–2: Overpayments Attributable to SSA

Description	Number of Overpayments	Overpayment Amounts
Sample Results	50	\$252,867
Projected Quantity/Point Estimate	3,642	\$18,416,304
Projection Lower Limit	3,017	\$11,934,585
Projection Upper Limit	4,266	\$24,898,022
Estimated Total (Projected Quantity x 20 segments)	72,840	\$368,326,080

Note: All projections are at the 90-percent confidence level.

¹ See Appendix A for the scope and methodology of our review.

² See Appendix A, Footnote 1.

³ The average and median overpayment amounts were \$5,057 and \$2,503, respectively.

Appendix C – SURVEY METHODOLOGY

The Social Security Administration (SSA) provided a file of field office (FO) and processing center (PC)¹ employees. From this file, we identified 14,895 FO and 4,432 PC employees who calculated benefit payment amounts. We randomly selected 50 FO employees from each of SSA's 10 regions (see Table C-1) and 50 PC employees from each of SSA's 8 PCs (see Table C-2) for a total of 900 employees.²

Table C-1: FO Employees

Region	Number of Employees	Number of Employees Surveyed
Boston	717	50
New York	1,692	50
Philadelphia	1,344	50
Atlanta	3,223	50
Chicago	2,251	50
Dallas	1,852	50
Kansas City	530	50
Denver	513	50
San Francisco	2,217	50
Seattle	556	50
Total	14,895	500

Table C-2: PC Employees

PC	Number of Employees	Number of Employees Surveyed
NorthEastern	454	50
Mid-Atlantic	395	50
SouthEastern	563	50
Great Lakes	540	50
Mid-America	650	50
Western	565	50
Office of Disability Operations	976	50
Office of International Operations	289	50
Total	4,432	400

¹ PCs include co-located Workload Support Units that also calculate benefits for claims filed online. Workload Support Unit employees are included in counts of PC employees.

² We replaced 10 employees who no longer (1) worked for SSA or (2) worked in positions that calculate benefit payments.

We surveyed the 900 employees to gather information about benefit computations and SSA's controls over benefit accuracy. Of the 900 employees surveyed, 331 (37 percent) provided responses (see Table C-3).

Table C-3: SSA Employees Surveyed

Employee Location	Number of Employees Surveyed	Number of Respondents	Response Rate
FO	500	206	41%
PC	400	125	31%
Total	900	331	37%

Appendix D – AGENCY COMMENTS



SOCIAL SECURITY

MEMORANDUM

Date: May 13, 2022

Refer To: TQA-1

To: Gail S. Ennis
Inspector General

A handwritten signature in blue ink, appearing to read "Scott Frey".

From: Scott Frey
Chief of Staff

Subject: Office of the Inspector General Draft Memorandum "Incorrect Old-Age, Survivors and Disability Insurance Benefit Payment Computations that Resulted in Overpayments" (A-07-18-50674) -- INFORMATION

Thank you for the opportunity to review the draft report. We agree with the recommendations.

Please let me know if I can be of further assistance. You may direct staff inquiries to Trae Sommer at (410) 965-9102.



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