The *Other Information* section provides information to satisfy additional statutory and Office of Management and Budget reporting requirements.

In accordance with the *Reports Consolidation Act of 2000*, the *Fiscal Year 2020 Inspector General Statement on the Social Security Administration's Major Management and Performance Challenges* provides a summary and assessment of the most serious management and performance challenges we face as determined by the Office of the Inspector General (OIG). The Inspector General Statement also describes the steps we have taken to address each of these challenges.

Next, in *Other Reporting Requirements*, we provide a summary of our financial statement audit and management assurances. We also provide information on our entitlement reviews and OIG anti-fraud activities, civil monetary penalties, biennial review of user fee charges, real property, grant programs, and debt collection and management activities.

Finally, the *Other Information* section concludes with the *Payment Integrity* report, where we provide general information demonstrating our commitment to reducing improper payments. We also describe our efforts in reducing improper payments for our Old-Age, Survivors, and Disability Insurance and Supplemental Security Income benefit programs and administrative payments.

INSPECTOR GENERAL STATEMENT ON THE SOCIAL SECURITY ADMINISTRATION'S MAJOR MANAGEMENT AND PERFORMANCE CHALLENGES

Office of the Inspector General
SOCIAL SECURITY ADMINISTRATION

November 6, 2020

The Honorable Andrew Saul
Commissioner of Social Security

The *Reports Consolidation Act of 2000* (Pub. L. No. 106-531) requires that Inspectors General summarize and assess the most serious management and performance challenges facing Federal agencies and the agencies' progress in addressing them. The results of this review are enclosed. The *Reports Consolidation Act* also requires that the Social Security Administration (SSA) place the final version of this Statement in its annual *Agency Financial Report*.

MANAGEMENT AND PERFORMANCE CHALLENGES

At the outset of Fiscal Year 2020, we identified the following challenges.

- Improve Administration of the Disability Program
- Minimize Payment Errors and Improve Management of Payment Workloads
- Improve the Prevention, Detection, and Recovery of Improper Payments
- Improve Service Delivery
- Secure Information Systems and Protect Sensitive Data
- Modernize Information Technology

As Fiscal Year 2020 progressed, SSA was presented with new challenges, including the onset of the COVID-19 pandemic. To address these challenges, we re-focused our list. We plan to address the following challenges in this report.

- SSA's Response to the 2019 Novel Coronavirus Pandemic
- Improve Administration of the Disability Program
- Improve the Prevention, Detection, and Recovery of Improper Payments
- Improve Service Delivery
- Protect the Confidentiality, Integrity, and Availability of SSA's Information Systems and Data
- Modernize Information Technology

In the attached document, we define each challenge, outline steps SSA has taken to address each challenge, and detail the actions SSA needs to take to fully mitigate each challenge. As some of the challenges are inter-related, progress made in one area could lead to progress in another. For example, further modernization of SSA's information technology would likely affect service delivery, and increased availability of certain data would likely affect management of payment workloads.

The Office of Audit will continue focusing on these issues in Fiscal Year 2021 and assessing the environment in which SSA operates. I look forward to working with you to continue improving SSA's ability to address these challenges and meet its mission efficiently and effectively.

Sincerely,

Gail S. Ennis

Gail S. Ennis
Inspector General

Enclosure

Fiscal Year 2020
Inspector General's Statement
on the
Social Security Administration's
Major Management and Performance Challenges

November 2020

The Social Security Administration's Response to the 2019 Novel Coronavirus Pandemic

On March 13, 2020, the President declared the COVID-19 outbreak a national emergency. The Office of Management and Budget encouraged all Federal agencies to maximize telework to ensure employees' safety while serving the public and conducting mission-critical functions. This was a daunting challenge for an agency that, before the pandemic, served over 40 million customers a year in its field offices.

Why is this a Challenge?

The 2019 Novel Coronavirus (COVID-19) changed the Social Security Administration's (SSA) operations and the manner in which it serves its customers. Also, Congress passed legislation to mitigate the impact of COVID-19 on the American public, which included additional mandates for SSA.

Operations

While SSA has served more customers online and through its national 800-number, over 40 million of its customers annually visited field offices for service before the national emergency was declared. In response to the declaration, and to ensure the safety of its customers and employees, SSA limited its field office operations to in-person service by appointment only for certain dire need situations and maximized telework. SSA had to ensure the vast majority of its approximately 62,000 employees had the resources needed to telework so it could help manage the increased customer traffic to its online services and 800-number.

Similarly, SSA assisted State disability determination services (DDS) in shifting their staffs to telework so they could continue making disability determinations. Before the pandemic, the majority of DDSs were not equipped with laptops. While SSA assisted the DDSs in obtaining the necessary resources, not all DDS employees were able to telework. The reduced staffing meant DDSs were processing fewer cases than they would had they been staffed at pre-pandemic levels, and SSA had over 160,000 more initial disability claims pending at the end of Fiscal Year (FY) 2020 than it did at the beginning of the FY.

COVID-19-Related Mandates

SSA was a part of a broader Federal response to the pandemic. On March 27, 2020, the President signed the *Coronavirus Aid, Relief, and Economic Security Act* (Pub. L. No. 116-136) to ease the effect of the economic downturn set in motion by the COVID-19 pandemic. Under this Act, SSA received $38 million to assist the Department of the Treasury with a public awareness campaign about recovery rebate payments, which the Act mandated the Department of the Treasury provide to qualified individuals. The Act also mandated that SSA share data with the Department of the Treasury to help facilitate the payments.

SSA also received $300 million for activities taken in response to the pandemic, including

- funding telework, including setting up telephone and communication services;
- paying for supplies; and
- providing resources necessary to process disability and retirement workloads and backlogs.

On May 19, 2020, the President signed Executive Order 13924, *Regulatory Relief to Support Economic Recovery*. The Executive Order mandated that, to promote economic recovery from COVID-19, Federal agencies (including SSA) should work to rescind, modify, waive, or provide exemptions to regulations that might impede economic recovery.

What Progress Has the Social Security Administration Made?

Operations

On August 20, 2020, the Commissioner of Social Security announced the release of the *COVID-19 Reposturing Plan*, which he described as a framework that would guide SSA through the pandemic. The Plan is based on the three-gate approach outlined in the President's *Opening Up American Again* guidance as well as relevant Centers for Disease Control, Office of Management and Budget, and Occupational Safety and Health Administration guidance. The Plan describes a three-phased approach that would shift staffing from a status of maximum telework, which was implemented in response to the pandemic, to resuming unrestricted staffing of worksites, with some continued precautions, as local conditions allow. The Commissioner shared the Plan with SSA employees and made it publicly available on SSA's Website.

COVID-19-Related Mandates

As required by the *Coronavirus Aid, Relief, and Economic Security Act*, SSA initiated a public awareness campaign about recovery rebate payments. It released numerous press releases and social media posts providing information about the payments. It also added information on its Website about the payments.

Before the release of Executive Order 13924, *Regulatory Relief to Support Economic Recovery*, SSA took actions that aligned with the intent of the Order. For example, SSA suspended processing and collecting overpayments. SSA also suspended processing medical continuing disability reviews (CDR) that could result in benefit cessation as part of its response to COVID-19. SSA uses CDRs to determine whether disabled beneficiaries continue to have a disabling condition. If SSA determines a beneficiary is no longer disabled, it will stop paying the individual's disability benefits. The suspension of the CDR workload could allow for beneficiaries who are no longer disabled to continue receiving benefits.

Effective August 31, 2020, SSA resumed processing most workloads it had suspended in its initial response to the pandemic, including CDR cessations, redeterminations and adverse actions that may result in a reduction, suspension, or termination of benefits. SSA will also implement a streamlined overpayment waiver process for cases where SSA's deferral of certain actions contributed to overpayments between March 1 and September 30, 2020.

What the Social Security Administration Needs to Do

Keep the public and its employees aware of the status of the *Reposturing Plan* and how it plans to provide customer service safely throughout the pandemic.

KEY RELATED LINKS

SSA, OIG Website – We have a number of audits planned to review SSA's response to the 2019 COVID-19 pandemic. To see more information about our planned work, see the *FY 2021 Audit Work Plan*.

SSA Website – Coronavirus (COVID-19) Updates

SSA Website – Reposturing Plan

IMPROVE ADMINISTRATION OF THE DISABILITY PROGRAMS

SSA continues to face challenges with pending disability hearings and related processing times, and the COVID-19 pandemic renewed challenges with pending disability claims and CDRs. Continued focus is necessary to simplify work incentive regulations and create new opportunities for returning beneficiaries to work.

WHY IS THIS A CHALLENGE?

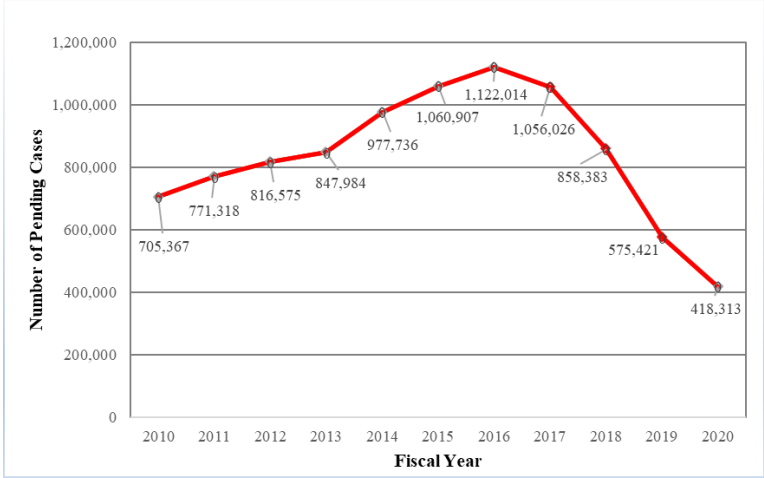
Disabled individuals rely on SSA to quickly process disability applications, make determinations, complete disability-related hearings, and provide assistance with returning to work. To better serve its customers, SSA needs to address increasing pending initial disability claims and CDRs, reduce pending hearings, and develop better strategies to help disabled beneficiaries return to work.

PENDING INITIAL DISABILITY CLAIMS, CONTINUING DISABILITY REVIEWS, AND HEARINGS

Before the COVID-19 pandemic began, SSA had reduced both pending initial disability claims and CDRs. SSA reduced the number of initial disability claims pending from almost 708,000 at the end of FY 2012 to almost 594,000 at the end of FY 2019, and eliminated the backlog of full medical CDRs in FY 2018. COVID-19 pandemic responses, such as DDS closures and delayed consultative examinations, posed challenges to the initial disability claims process. From February to September 2020, claims pending levels increased 21 percent to over 763,000. In March 2020, SSA suspended processing medical CDRs that could result in benefit cessation. The number of full medical CDRs SSA processed monthly decreased from over 57,000 in February 2020 to under 19,000 in July 2020, before rising to nearly 41,000 in September 2020.

While SSA has continued to reduce hearings pending levels (see Figure 1), it still has a backlog of pending cases. SSA considers any pending level that keeps the average processing time for hearings above 270 days as a "backlog." As of the end of September 2020, the average processing time for hearings was 355 days.

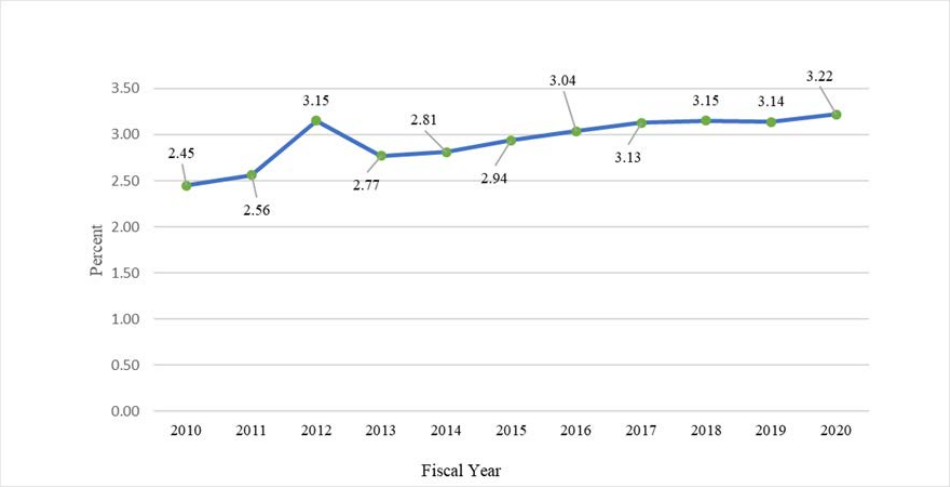
Figure 1: Pending Hearings (FY 2010 Through FY 2020)



Returning Disabled Beneficiaries to Work

Congress directed SSA to implement employment support programs to help disabled individuals return to work. To date, these programs have helped only a small percentage of disabled individuals return to work. For example, the *Ticket to Work and Work Incentives Improvement Act of 1999* (Pub. L. No. 106-170) established the Ticket to Work and Self-Sufficiency Program to assist disabled beneficiaries in returning to work. Under the Program, SSA provides disabled beneficiaries a Ticket they can assign to qualified organizations to obtain vocational rehabilitation or employment services. However, while SSA has set goals to increase the number of participating beneficiaries, few eligible beneficiaries used their Tickets for vocational or employment services. Specifically, approximately 3 percent of Ticket-eligible beneficiaries assigned their Tickets or placed them in-use in FY 2020, similar to the percent of individuals who assigned their Tickets in recent years (see Figure 2).

Figure 2: Percent of Ticket-eligible Beneficiaries with Tickets Assigned or In-use



When we reviewed another employment support program, the Plan to Achieve Self-Support, SSA could not provide costs incurred, savings, or return-to-work participant outcomes even though SSA implemented the program in 1972.

What Progress Has the Social Security Administration Made?

Pending Claims, Continuing Disability Reviews, and Hearings

Under modified operations during the COVID-19 pandemic, SSA continued processing and prioritizing initial disability claims as well as CDRs that did not result in cessation of benefits. Effective August 31, 2020, SSA resumed CDRs that could result in benefit cessation.

In January 2016, SSA issued the *Compassionate And REsponsive Service* (CARES) plan to provide a framework of drivers and initiatives designed to address the growing number of pending hearings and increased wait times. In April 2019, SSA released the 2018-2019 CARES plan, which noted that SSA expected to reach the 270-day average processing time goal in 2021. In September 2020, we reported that quality initiatives included in the CARES plan were part of SSA's response to fraud in the hearings process and helped ensure decisional quality, legal sufficiency, and policy compliance.

Additionally, in January 2019, SSA began reinstating the reconsideration appeal level that had been eliminated from the claims process in 10 States. According to SSA, reinstating the reconsideration level would aid in alleviating the hearings backlog. In June 2020, we reported that reinstating the reconsideration level would result in fewer appeals to the hearings level, but claimants who appealed to the hearings level would wait longer for a decision.

Returning Disabled Beneficiaries to Work

To increase understanding of work incentives, SSA leads online *Work Incentive Seminar Event* webinars for disabled beneficiaries who are age 18 through 64. The events provide information on the Ticket to Work and Self-Sufficiency Program and other available work incentives.

What the Social Security Administration needs to Do

Renew its focus on reducing and eliminating the initial disability claims and CDR backlogs.

Implement and monitor the CARES initiatives designed to improve timeliness and reduce the hearings backlog.

Focus resources on capacity issues to better balance processing times and hearing office workloads.

Continue creating new opportunities for returning beneficiaries to work and ensure measurement of costs, savings, and effectiveness are part of the design of such initiatives.

Key Related Links

SSA, OIG Website - Reports related to improving the administration of the disability programs

SSA Website – SSA's CARES plan

SSA Website – SSA's CARES plan, 2018-2019 update

SSA Website – SSA's The Work Site

Improve the Prevention, Detection, and Recovery of Improper Payments

SSA is responsible for issuing approximately $1 trillion in benefit payments annually. Given the amounts involved, even the slightest error in the overall payment process can result in millions of dollars in over- or underpayments.

Why is this a Challenge?

SSA considers payments to be improper if they result from its mistake in computing the payment, its failure to obtain or act on available information, a beneficiary's failure to report an event, or a beneficiary's incorrect report. Improper payments can be overpayments, when SSA pays someone more than they were due, or underpayments, when SSA pays someone less than they were due. In its FY 2020 *Agency Financial Report*, SSA estimated it made approximately $7.9 billion in improper payments in FY 2019. Of those, $6.6 billion were overpayments and $1.3 billion were underpayments.

Management of Payment Workloads

While SSA has less control over what beneficiaries report or fail to report, it can control how it computes beneficiaries' payments and its overall management of payment workloads. In recent work, we reported that, through a combination of employee and system errors, the following occurred.

- SSA incorrectly calculated Old-Age, Survivors and Disability Insurance (OASDI) underpayments from September 2016 through July 2018, which resulted in approximately $81 million in payment errors.
- SSA employees incorrectly processed approximately 555,000 OASDI post-entitlement alerts from January 24 through February 6, 2019, which resulted in approximately $1.3 billion in improper payments. Our analysis showed that, in some cases, SSA employees did not follow instructions when they processed alerts. In other cases, employees may have incorrectly processed alerts because of vague and generic alert language and corresponding written instructions.
- SSA systems' rejection of approximately 14,000 Electronic Death Registration system reports received from November 2017 through October 2018 resulted in an estimated $36 million in payments to deceased beneficiaries and representative payees. These errors occurred because decedent information in State death reports did not exactly match beneficiary information in SSA records. Identification and correction of the errors prevented, or will prevent, $23 million in additional improper payments over a 12-month period.

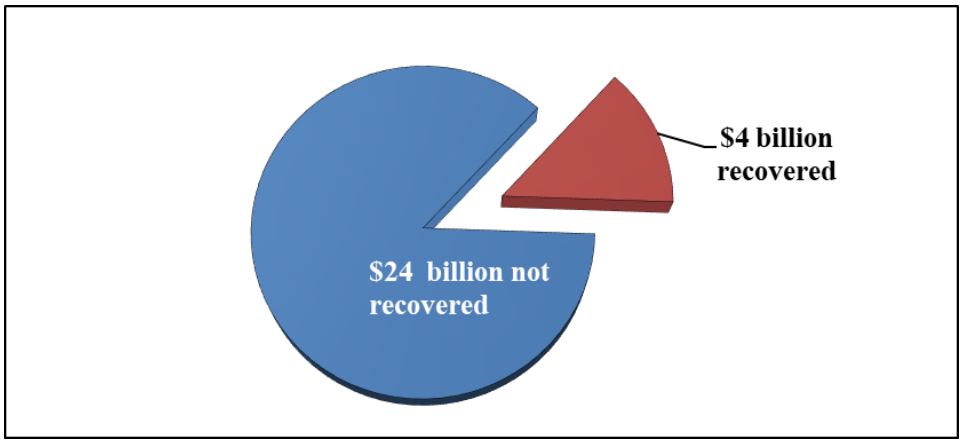
External Data

Preventing improper payments is more advantageous than detecting them after they are made since additional resources are not spent recovering the overpayments or processing additional payments to rectify underpayments. Wages and income, resources, and living arrangements are a few of the factors that affect OASDI and Supplemental Security Income (SSI) eligibility and payment amounts. Beneficiaries and recipients are required to report to SSA any change in circumstances that may affect their benefits; however, they do not always comply. Therefore, obtaining data from external sources, such as other Federal agencies, State agencies, and financial institutions, is critical to prevent and detect improper payments. For example, over the last few years, we have reviewed death data from several State and Federal agencies and identified approximately $188 million in payments SSA issued after individuals' deaths.

RECOVERY

When SSA determines it underpaid a beneficiary, it will pay the beneficiary the amount owed. Once SSA determines it has overpaid an individual, it attempts to recover the overpayment. In FY 2020, it recovered nearly $4 billion in overpayments at an administrative cost of $0.06 for every dollar collected. Still, at the end of the FY, SSA had a $24-billion uncollected overpayment balance (see Figure 3).

Figure 3: Overpayment Recovery (FY 2020)



WHAT PROGRESS HAS THE SOCIAL SECURITY ADMINISTRATION MADE?

MANAGEMENT OF PAYMENT WORKLOADS

SSA data exchanges improve organizational effectiveness and reduce costs by providing reliable data to determine benefits and improve administrative processes, which, in turn, saves costs and reduces improper payments. To reduce payment errors, SSA obtains birth, death, prisoner, and benefit payment information, as permitted under law, from Federal, State, and private partners to ensure payment accuracy. For example, in FY 2019, SSA implemented the Foreign Travel Data application to facilitate access to the Department of Homeland Security's Arrival and Departure Information System data. SSA technicians use the application to view foreign travel information for non-citizen SSI recipients to determine their SSI eligibility during the redetermination process. SSA will continue pursuing new data exchange partners from government and private sectors.

SSA uses a number of sources to verify wage amounts, including pay stubs submitted by recipients, annual earnings data from the Internal Revenue Service, and payroll information. However, verifying wages is a manual process, and SSA continues relying on beneficiaries' ability to self-report wages. In FY 2017, SSA implemented myWageReport, which allows Disability Insurance beneficiaries to report earnings on computers, mobile devices, and smartphones through *my Social Security*. In FY 2018, SSA expanded myWageReport to allow SSI recipients, their representative payees, or their deemors to report earnings electronically.

EXTERNAL DATA

SSA has worked to obtain data from other agencies and third parties to help identify and prevent improper payments. For example, SSA is updating its death reporting system to ensure it is collecting accurate data from national, State, and local agencies. To combat recipients' unreported absences from the United States, SSA uses Department of Homeland Security foreign travel data during SSI redeterminations. Additionally, each quarter, SSA obtains wage data from the Department of Health and Human Services' Office of Child Support Enforcement, which

allows it identify beneficiaries who may be working above certain dollar thresholds to prevent large overpayments. SSA also continues developing plans to obtain wage data from payroll providers.

According to SSA, SSI non-medical redeterminations, which are periodic reviews of such non-medical eligibility factors as income and resources, are another important program integrity tool. SSA estimated that, over 10 years, non-medical redeterminations conducted in FY 2020 will yield, on average, a return on investment of about $3 of net Federal program savings per $1 budgeted for dedicated program integrity funding, including SSI and Medicaid program effects. However, according to SSA, budgetary constraints determine how many redeterminations it conducts each year.

Through completed CDRs, SSA periodically verifies whether individuals are still disabled and eligible for disability payments. SSA estimated that, over the next 10 years, CDRs conducted in FY 2020 would yield, on average, net Federal program savings of roughly $8 per $1 budgeted for dedicated program integrity funding, including OASDI, SSI, Medicare, and Medicaid effects.

RECOVERY

To collect debt related to overpayments, SSA uses internal debt collection techniques, such as payment withholding and billing/follow-up, as well as external collection techniques authorized by the *Debt Collection Improvement Act of 1996* (Pub. L. No. 104-134) for OASDI debts and the *Foster Care Independence Act of 1999* (Pub. L. No. 106-169) for SSI debts. Some of these techniques include the Treasury Offset Program and administrative wage garnishment.

WHAT THE SOCIAL SECURITY ADMINISTRATION NEEDS TO DO

Identify and prevent improper payments through automation and data analytics. SSA needs to use available data to better identify changes that affect beneficiaries' and recipients' benefit payments.

Expand efforts to collect data from reliable third-party sources that would aid SSA in mitigating discrepancies that can occur when beneficiaries or recipients self-report information.

Address the root causes of improper payments to prevent their occurrence.

KEY RELATED LINKS

SSA, OIG Website - Reports related to improving the prevention, detection, and recovery of improper payments

Federal Payment Accuracy Website - Payment Accuracy – An Official Website of the United States Government

IMPROVE SERVICE DELIVERY

SSA faces growing workloads as experienced employees are expected to retire while it pursues its mission to deliver quality service to the public.

WHY IS THIS A CHALLENGE?

SSA services millions of customers annually through multiple methods, including face-to-face service at its field offices, calls to its national 800-number and online applications. The COVID-19 pandemic greatly curtailed field office service, placing greater stress on other service methods. SSA also faces a challenge to its ability to provide service because of an expected retirement of experienced staff.

MANAGING ITS CUSTOMER-RELATED WORKLOADS

In FY 2020, SSA's field offices served approximately 20 million visitors, less than half the 43 million it served in FY 2019. In a July 2020 audit, we noted that wait times at 9 of SSA's 10 regions increased between FYs 2010 and 2019. The average wait time per visitor in all field offices in the same period increased from 19.4 to 24.8 minutes. Moreover, the number of field office visitors who waited for longer than 1 hour for service increased from 2.3 to 4.2 million.

In FY 2020, SSA's 800-number handled over 34 million calls. In a May 2020 audit, we concluded that, between FYs 2010 and 2019, calls to the national 800-number resulted in more busy messages and hang-ups without the caller receiving service, the number of calls employees answered decreased, and callers waited longer for service. Additionally, effective March 31, 2020, SSA temporarily changed its telephone services, including decreased hours for its 800-number, in response to the COVID-19 outbreak. The services hours changed from 7 am to 7 pm to 8 am to 5:30 pm.

SSA's processing centers help support the 800-number, while also processing complex Social Security claims. In FY 2019, SSA's goal was to reduce the number of pending actions in its processing centers to 2.9 million pending actions by the end of the FY. However, as of September 2020, there were approximately 3.75 million pending workload items.

ONLINE SERVICES

SSA continues to explore ways to improve the customer service experience by providing convenient and secure online self-service options, many of which are accessed through beneficiaries' *my Social Security* accounts. Approximately 7 million people create a new *my Social Security* account each year; SSA had nearly 53 million registered users at the end of September 2020. Our audit work found SSA's controls for the *my Social Security* portal had not prevented some individuals from fraudulently establishing accounts or submitting direct deposit transactions. Also, SSA's use of those same controls for Internet claims may similarly allow individuals to fraudulently submit Internet claims applications.

EXPERIENCED EMPLOYEES AND INSTITUTIONAL EXPERTISE

SSA acknowledges that one of its greatest challenges is the expected loss of its most experienced employees. SSA expects that more than 21,000 of its 62,000 employees will retire within the next 5 years. These retirements, along with regular attrition, will cause a loss of institutional knowledge and potentially impair succession management and knowledge transfer.

What Progress Has the Social Security Administration Made?

Managing Its Customer-related Workloads

In response to the COVID-19 outbreak, SSA moved to provide limited in-person service by appointment only for certain dire need situations that it could not accomplish online or by phone. While SSA offices are not providing service to walk-in visitors, SSA continues to provide services through online options and calls to its 800-number. After initially decreasing the 800-number operational hours in response to COVID-19, it has since increased the time when callers can speak with live 800-number agents to 8 am to 7 pm. The 800-number's automated services are available 24 hours a day.

To improve callers' experience and satisfaction, SSA plans to combine all its telephone service offerings into one platform to route calls to the best source quickly. SSA is implementing other improvements to its call center processes, including expanding management information, enhancing speech analytics and implementing post-call surveys for customers who used automated services. SSA also reported it hired and trained approximately 1,340 new employees in FY 2020 to support the 800-number operations and will continue efforts to replace staffing losses and hire additional employees. SSA prioritized hiring and overtime in the processing centers and continues focusing on automation, workflow enhancements, and quality initiatives to improve processing center performance.

Online Services

SSA stated that, in FY 2020, it would expand *my* Social Security services and strengthen and modernize its methods to authenticate customers' identities and authorize their use of electronic services. For example, in May 2020, SSA released to a limited audience a new version of the online registration process that allows applicants to enter their State-issued identity information and validate a physical or electronic address. In June 2020, SSA began accepting federated authentication from ID.me, an accredited provider of federated credentials. In August 2020, SSA began offering all residents of 38 States and the District of Columbia the option of registering with their State-issued identity information.

Experienced Employees and Institutional Expertise

SSA's goal is to continue increasing the proficiency of its leadership cadre and pipeline to enhance their readiness to fill potential gaps in leadership and critical positions. In 2019, SSA launched a redesigned national leadership development program that replaced previous programs to ensure a continuity of trained leaders ready to fill critical positions. SSA also plans to expand developmental opportunities beyond component-based programs and strengthen core foundational competencies that support leadership. In FY 2020, SSA completed program selections, hosted a virtual orientation, and matched selectees with mentors. SSA is currently determining competency baselines for those selected for the national leadership development program. In FY 2021, SSA's goal is to reduce leadership competency gaps among at least 90 percent of leadership development program participants.

What the Social Security Administration Needs to Do

Continue developing and implementing strategies that will provide quality services to the public now and in the future.

Ensure any electronic applications offered through *my* Social Security include an effective authentication process.

KEY RELATED LINKS

SSA, OIG Website - Reports related to improving service delivery

SSA Strategic Plan - *Agency Strategic Plan Fiscal Years 2018-2022*

SSA Annual Performance Plan - *Annual Performance Plan for Fiscal Year 2021, Revised Performance Plan for Fiscal Year 2020, and Annual Performance Report for Fiscal Year 2019*

SSA Budget Overview - *FY 2021 Budget Overview*

Protect the Confidentiality, Integrity, and Availability of the Social Security Administration's Information Systems and Data

SSA must ensure its information systems are secure and sensitive data are protected.

Why is this a Challenge?

SSA's information technology (IT) supports every aspect of SSA's mission, whether it is serving the public during in-person interviews or online, routing millions of telephone calls on its 800-number, or posting millions of earner wage reports annually; IT is the enabler that allows SSA to service its many customers. Disruptions to the integrity or availability of its information systems would dramatically affect SSA's ability to serve the public and meet its mission. Also, SSA's systems contain personally identifiable information, such as the Social Security number (SSN), which if not protected, could be misused by identity thieves.

Information Security

SSA continues expanding its online services to improve customer service and develop systems in the cloud, and it is imperative that SSA have a robust information security program. In its most recent report for the *Federal Information Security Modernization Act of 2014* (Pub. L. No. 113-283), Grant Thornton LLP determined that SSA had established an Agency-wide information security program. However, Grant Thornton identified a number of deficiencies in SSA's information security program, potentially limiting its ability to protect the confidentiality, integrity, and availability of SSA's information systems and data.

Furthermore, for systems that promote public access, such as SSA's *my* Social Security, agencies must ensure that identity proofing, registration, and authentication processes provide assurance of identity consistent with security and privacy requirements, in accordance with Federal standards and guidelines. However, SSA relies on companies that have had breaches, such as Equifax, and there have been several breaches of personal data across the globe and continuous misuse of SSNs across industries. Although SSA determined there was no impact to the integrity and security of its network from these breaches, it continues to monitor its systems for irregularities and potential malicious activity. Still, SSA must take action to improve its digital identity system and make online transactions secure to prevent such breaches.

Social Security Number Protection and Earnings Accuracy

The SSN is relied upon as an identifier and is valuable as an illegal commodity. Accordingly, the information SSA houses on every numberholder is desirable to would-be hackers and potential identity thieves. Protecting the SSN and properly posting the wages reported under it are critical to ensuring SSN integrity and eligible individuals receive the full benefits due them.

Accuracy in recording numberholder information is critical because SSA and other agencies rely on information to verify employment eligibility, ensure successful processing of wage reports, and terminate payments to deceased beneficiaries. Accuracy in recording workers' earnings is critical because SSA calculates benefit payments based on an individual's earnings over his/her lifetime. As such, properly assigning SSNs only to those individuals authorized to obtain them, protecting SSN information once SSA assigns the numbers, ensuring numberholder information is complete in its systems, and accurately posting the earnings reported under SSNs are critical responsibilities.

A specific challenge to ensuring accurate earnings postings is employers that report earnings information incorrectly so SSA cannot match the reported earnings to individuals in its records. The Earnings Suspense File is the record of wage reports on which wage earners' names and SSNs fail to match SSA's records. The Earnings Suspense File has accumulated $1.8 trillion in wages and nearly 392 million wage items for Tax Years 1937 through 2019.

WHAT PROGRESS HAS THE SOCIAL SECURITY ADMINISTRATION MADE?

INFORMATION SECURITY

SSA acknowledges it must be mindful of potential cyber-threats and remain committed to protecting privacy and security. SSA's *Cybersecurity Strategic Plan 2019–2022* focuses on how it will safeguard and protect against IT and cyber-security threats by continuing to mature its cyber-security program. The *Plan* defines strategic goals and priorities and includes strategies and initiatives to address IT and cyber-security challenges.

In FY 2020, SSA implemented several identification verification enhancements to its *my* Social Security portal to ensure online services are secure. These enhancements, if selected when the user creates an account, should improve both security and usability. Per SSA, they will become mandatory for all users in FY 2021 and will require that customers prove they possess a secure code that SSA provided to a verified postal or electronic address before they can access *my* Social Security. SSA expects these changes to help ensure it complies with National Institute of Standards and Technology Special Publication 800-63-3, *Digital Identity Guidelines*.

SOCIAL SECURITY NUMBER PROTECTION AND EARNINGS ACCURACY

To reduce the Earnings Suspense File's size and growth, in FY 2019, SSA resumed sending revised Educational Correspondence letters to employers whenever at least one name or SSN submitted on their employee's Form W-2, *Wage and Tax Statement*, did not match SSA records. The letter includes instructions for correcting discrepancies. SSA also allows employers to verify their employees' names and SSNs using its online Social Security Number Verification Service before reporting wages to SSA. In FY 2020, the Social Security Number Verification Service processed over 180 million verification transactions.

SSA supports the Department of Homeland Security's E-Verify program, which assists employers in verifying the employment eligibility of newly hired employees. Through the second quarter of FY 2020, the Department of Homeland Security reported it processed 26 million E-Verify cases, of which approximately 416,000 (1.6 percent) received a "not authorized to work" response.

WHAT THE SOCIAL SECURITY ADMINISTRATION NEEDS TO DO

Address the deficiencies identified by the independent auditor to improve SSA's ability to protect the confidentiality, integrity, and availability of SSA's information systems and data**.**

Ensure the electronic services SSA provides are secure and comply with Federal security requirements.

Continue to be vigilant in protecting SSNs.

Improve wage reporting by informing employers about potential SSN misuse cases, identifying and resolving employer reporting problems, re-examining the validity and integrity checks used to prevent suspicious W-2s from being posted, and encouraging greater use of SSA's employee verification programs**.**

KEY RELATED LINKS

SSA OIG Website - Reports related to protecting the confidentiality, integrity, and availability of SSA's information systems and data

National Institute of Standards and Technology - Special Publication 800-63-3, *Digital Identity Guidelines*.

Modernize Information Technology

SSA must modernize its IT to accomplish its mission despite budget and resource constraints.

Why is this a Challenge?

Few Federal agencies touch as many people as SSA, and IT plays a critical role in SSA's daily operations. SSA relies on its IT infrastructure to serve the public and safeguard SSA programs. However, its significantly aging IT infrastructure is increasingly difficult and expensive to maintain. SSA continues relying on outdated applications and technologies to process its core workloads (for example, retirement, and disability claims), and knowledge of its dated applications and legacy infrastructure will diminish as developers retire.

Information Technology Infrastructure Modernization

SSA must maintain its legacy systems while, in parallel, developing its modern replacements to keep pace with increasing workloads. While SSA has taken an incremental approach to IT modernization by replacing systems' components rather than whole systems, this approach is no longer viable. Technology is advancing faster than SSA can incrementally modernize.

Information Technology Investment Process

SSA prioritizes and selects IT investments to support its strategic plans and goals through its IT Investment Process, which establishes procedures for new IT investment selections; implementation of the investments and maintenance; and operations of current and future investments. Although SSA was able to verify and compare costs, functionality impact, and other areas in its post-implementation review reports, it could not quantify the benefits or calculate the return on investment for all the projects covered by those reports. While SSA has developed a roadmap to spend $691 million through FY 2022 to modernize some of its systems, budget constraints have forced it to use much of its IT funding—$2 billion in FY 2020—to operate and maintain existing systems.

What Progress Has the Social Security Administration Made?

Information Technology Infrastructure Modernization

SSA's Chief Information Officer has acknowledged SSA must undertake a larger, multi-year effort. In October 2017, SSA published and began implementing its *IT Modernization Plan*. In July 2020, SSA updated the Plan to focus more on customer service issues. This multi-year modernization effort is fundamental to the overall ability to improve service to the public.

Information Technology Investment Process

SSA developed a new IT Investment Process that it expects will improve how it manages and invests in IT. The IT Investment Process will focus on up-front project planning with outcomes tied to specific goals. An enterprise-wide executive IT investment board meets throughout the year to make funding decisions on projects that provide the greatest benefit to SSA. As a result, SSA believes it will be better able to deliver the right project on time and within budget.

What the Social Security Administration Needs to Do

Prioritize IT modernization activities to ensure available resources lead to improvements with the greatest impact on SSA's operations and the service it provides the public.

Ensure its IT planning and investment control processes are effective.

Key Related Links

SSA, OIG Website - Reports related to modernizing IT infrastructure

SSA Website – SSA's IT Modernization Plan

SSA Website – SSA's IT Modernization Plan, 2020 Update

Other Reporting Requirements

Summary of Financial Statement Audit and Management Assurances

Summary of Financial Statement Audit Table

Financial Statement Audit					
Audit Opinion	Unmodified				
Restatement	No				
Material Weaknesses	**Beginning Balance**	**New**	**Resolved**	**Consolidated**	**Ending Balance**
Total Material Weaknesses	0	0	0	0	0

Summary of Management Assurances Table

Effectiveness of Internal Control over Financial Reporting (FMFIA Section 2)						
Statement of Assurance	Unmodified					
Material Weaknesses	**Beginning Balance**	**New**	**Resolved**	**Consolidated**	**Reassessed**	**Ending Balance**
Total Material Weaknesses	0	0	0	0	0	0

Effectiveness of Internal Control over Operations (FMFIA Section 2)						
Statement of Assurance	Unmodified					
Material Weaknesses	**Beginning Balance**	**New**	**Resolved**	**Consolidated**	**Reassessed**	**Ending Balance**
Total Material Weaknesses	0	0	0	0	0	0

Conformance with Federal Financial Management System Requirements (FMFIA Section 4)						
Statement of Assurance	Federal Systems conform to financial management system requirements					
Non-Conformances	**Beginning Balance**	**New**	**Resolved**	**Consolidated**	**Reassessed**	**Ending Balance**
Total Non-Conformances	0	0	0	0	0	0

Compliance with Section 803(a) of the Federal Financial Management Improvement Act		
	Agency	**Auditor**
1. Federal Financial Management System Requirements	No lack of compliance noted	No lack of compliance noted
2. Applicable Federal Accounting Standards	No lack of compliance noted	No lack of compliance noted
3. United States Standard General Ledger at Transaction Level	No lack of compliance noted	No lack of compliance noted

Entitlement Reviews and Office of the Inspector General Anti-Fraud Activities

We are committed to improving financial management by preventing fraudulent and improper payments (see the *Payment Integrity* report for more information). Section 206 (g) of the *Social Security Independence and Program Improvements Act*, Public Law (P.L.) 103-296 requires us to report annually on the extent to which we reviewed cases of entitlement to monthly Old-Age and Survivors Insurance (OASI), Disability Insurance (DI) (referred to as OASDI when discussing them in combination), and Supplemental Security Income (SSI) benefits; and the extent to which the cases we reviewed were those that involved a high likelihood or probability of fraud.

Entitlement Reviews

Entitlement reviews help ensure that continued monthly payments are correct, even though fraud is not an issue in the vast majority of cases. We select cases and undertake reviews, both prior to and after effectuation of payment, to ensure that development procedures and benefit awards are correct.

Due to the coronavirus (COVID-19) pandemic, we discontinued all quality assurance samples for the third quarter of fiscal year (FY) 2020. For continuing disability reviews (CDR), we discontinued the sample for the third and fourth quarters of FY 2020. As a result, the initial and reconsideration data include only cases reviewed during the first, second, and fourth quarters of FY 2020. The CDR data include only reviews completed during the first and second quarters of FY 2020.

We conduct the following major entitlement reviews:

Disability Quality Assurance Reviews

We perform quality assurance reviews of random samples of disability determination services (DDS) determinations to measure our level of accuracy against standards mandated by the regulations. We review initial claims, requests for reconsideration, and determinations of continuing eligibility prior to the effectuation of the DDS determinations. The following table shows the quality assurance accuracy rates for FY 2016 through FY 2020.

Quality Assurance Reviews Table

	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Percent of State DDS decisions to allow or continue not returned to the DDS offices for correction	97.59%	97.37%	97.35%	97.23%	96.62%
Number of cases reviewed	33,010	34,198	32,286	34,915	29,588
Number of cases returned to the DDS offices due to error or inadequate documentation	796	898	857	967	1,001

DI Pre-Effectuation Reviews

We also perform pre-effectuation reviews of favorable DI and concurrent DI/SSI initial and reconsideration determinations using a profiling system to select cases for review. This profiling system helps ensure the cost-effectiveness of pre-effectuation reviews, and it satisfies the legislative requirement that the cases we review are those that are most likely to be incorrect. We also review a sufficient number of CDR continuance determinations to ensure a high level of accuracy in those cases. The following table shows the DI pre-effectuation accuracy rates for FY 2016 through FY 2020.

DI Pre-Effectuation Reviews Table

	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Percent of State DDS decisions to allow or continue not returned to the DDS offices for correction	95.75%	95.76%	95.46%	95.26%	95.23%
Number of cases reviewed	300,440	278,796	255,200	266,474	268,569
Number of cases returned to the DDS offices due to error or inadequate documentation	12,758	11,811	11,585	12,641	12,810

SSI Pre-Effectuation Reviews

Following legislation enacted in February 2006, we began pre-effectuation reviews of favorable SSI initial and reconsideration adult determinations. As in DI cases, we use a profiling system to select cases for review. The following table shows the SSI pre-effectuation accuracy rates for FY 2016 through FY 2020.

SSI Pre-Effectuation Reviews Table

	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Percent of State DDS decisions to allow not returned to the DDS offices for correction	96.89%	96.92%	96.65%	96.47%	96.07%
Number of cases reviewed	112,875	106,777	98,540	105,729	94,105
Number of cases returned to the DDS offices due to error or inadequate documentation	3,508	3,288	3,297	3,734	3,696

Continuing Disability Reviews

Periodic CDRs are a key activity in ensuring the integrity of the disability program. Through CDRs, we determine whether beneficiaries continue to be entitled to benefits because of their medical conditions. We also conduct a quality review of those decisions. The following table shows the CDR accuracy rates for FY 2016 through FY 2020.

CDR Accuracy Table

	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Overall accuracy	97.1%	96.7%	96.9%	96.7%	96.8%
Continuance accuracy	97.8%	97.6%	98.0%	97.9%	97.6%
Cessation accuracy	94.9%	93.5%	92.9%	92.0%	93.2%

OASDI and SSI Quality Assurance Reviews

Quality assurance reviews assess the accuracy of benefit payments. The following tables show the OASDI and SSI accuracy rates for FY 2016 through FY 2019. Data for FY 2020 are not available at this time. We will report the FY 2020 data in our FY 2021 *Agency Financial Report*.

OASDI Accuracy Table

	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Overpayment accuracy	99.79%	99.36%	99.77%	99.80%	Data not yet available
Underpayment accuracy	99.93%	99.97%	99.95%	99.95%	Data not yet available

SSI Accuracy Table

	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Overpayment accuracy	92.38%	92.71%	91.77%	91.87%	Data not yet available
Underpayment accuracy	98.77%	98.87%	98.52%	98.72%	Data not yet available

SSI Redeterminations

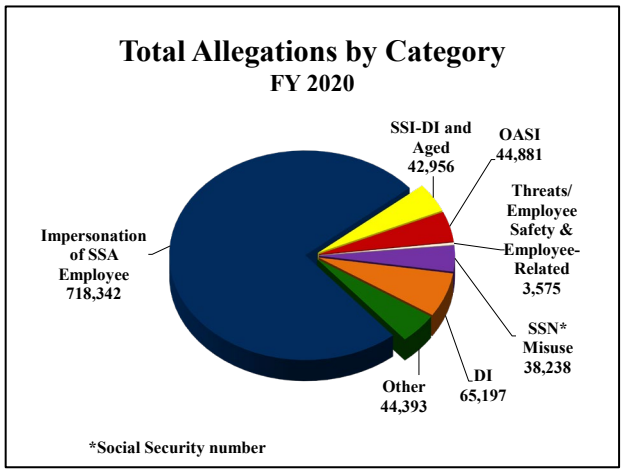
SSI redeterminations are periodic reviews of non-medical factors to ensure that a recipient is still eligible for SSI payments and that we have paid and will continue to pay the recipient the correct amount. The following table shows the number of SSI redeterminations we completed for FY 2016 through FY 2020.

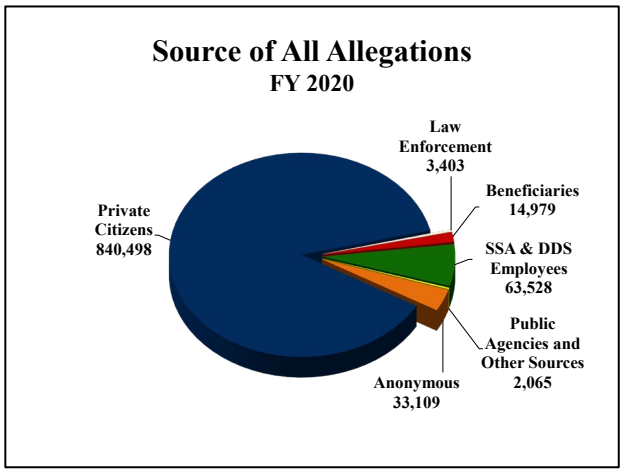
SSI Redeterminations Table
(In Millions)

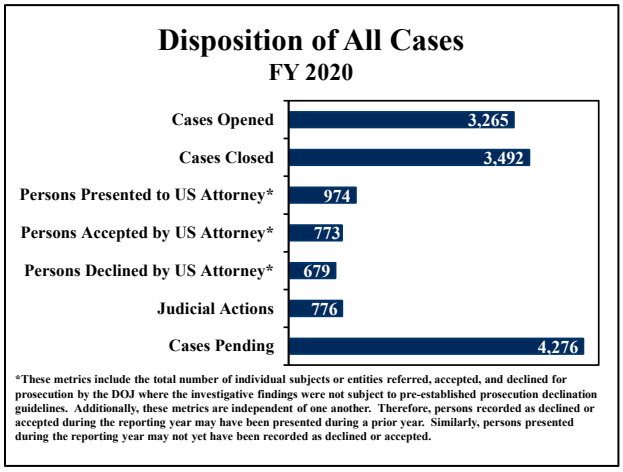
	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Number of redeterminations completed	2.53	2.59	2.91	2.67	2.15

The Office of the Inspector General's Anti-Fraud Activities

In FY 2020, we worked with our Office of the Inspector General (OIG), the U.S. Department of Justice (DOJ), and other Government agencies on cases involving fraud, waste, and abuse as part of our fraud detection and prevention program for safeguarding our assets. Due in part to a widespread telephone scam involving the agency, OIG received a substantially higher volume of allegations during FY 2020. The following charts provide information from our OIG concerning fraud.







Civil Monetary Penalty Adjustment for Inflation

The *Social Security Act* authorizes the Commissioner to impose a civil monetary penalty (CMP) for certain specific violations. Section 1129 of the *Social Security Act* authorizes a CMP against anyone who makes any material false statements or representations to the agency or knowingly withholds a material fact from the agency, to obtain or retain benefits or payments under Titles II, VIII, or XVI of the *Social Security Act*. A CMP may also be imposed against representative payees for the wrongful conversion of Social Security payments entrusted to their care. Section 1140 of the *Social Security Act* authorizes a CMP to protect the public from advertisements, solicitations, and other communications (including Internet websites) that may convey the false impression that we approved, endorsed, or authorized the communication. Section 1140 also prohibits the reproduction and sale of Social Security publications and forms without our authorization and places restrictions on the charging for services that we provide

to the public without charge. The Commissioner delegated authority to enforce our CMP program to the Inspector General.

The *Federal Civil Penalties Inflation Adjustment Act Improvements Act of 2015* expanded the categories of penalties that require adjustment for inflation to include CMPs under the *Social Security Act* and requires agencies to: (1) use an interim final rulemaking to adjust the level of CMPs in 2016 with an initial "catch-up" adjustment; (2) continue to make annual adjustments in future years; and (3) report on these adjustments annually. As required, we are providing information on our current CMPs; these amounts include the initial "catch-up" and annual adjustments. We will continue to make annual adjustments in future years and report on these adjustments annually.

Civil Monetary Penalty Adjustments

Statutory Authority	Penalty	Year Enacted	Last Year of Adjustment (via statute or regulation)	Current Penalty Date of Adjustment	Current Penalty Level	Sub-Agency/ Bureau/Unit	Location for Penalty Update Details
Section 206 (b), *Social Security Independence and Program Improvements Act of 1994*, P. L. 103-296, 108 Stat. 1509	Flagrant Violation (Section 1129 of the *Social Security Act*, 42 U.S.C. 1320a-8(a)(1))	1994	2020	01/10/2020	$0-$8,606	SSA/OIG	85 Federal Register 1369 (January 2020); (www.federalregister.gov/documents/2020/01/10/2020-00236/notice-on-penalty-inflation-adjustments-for-civil-monetary-penalties)
Section 813 (c), *Bipartisan Budget Act of 2015*, P. L. 114-74, 129 Stat. 603	Flagrant Violation (Section 1129 of the *Social Security Act*, 42 U.S.C. 1320a-8(a)(1))	2015	2020	01/10/2020	$0-$8,116	SSA/OIG	85 Federal Register 1369 (January 2020); (www.federalregister.gov/documents/2020/01/10/2020-00236/notice-on-penalty-inflation-adjustments-for-civil-monetary-penalties)
Section 428 (a), *Medicare Catastrophic Coverage Act of 1988*, P. L. 100-360, 102 Stat. 815	Flagrant Violation (Section 1140 of the *Social Security Act*, 42 U.S.C. 1320b-10(b)(1))	1988	2020	01/10/2020	$0-$10,705	SSA/OIG	85 Federal Register 1369 (January 2020); (www.federalregister.gov/documents/2020/01/10/2020-00236/notice-on-penalty-inflation-adjustments-for-civil-monetary-penalties)
Section 428 (a), *Medicare Catastrophic Coverage Act of 1988*, P. L. 100-360, 102 Stat. 815	Flagrant Violation (Section 1140 of the *Social Security Act*, 42 U.S.C. 1320b-10(b)(2))	1988	2020	01/10/2020	$0-$53,524	SSA/OIG	85 Federal Register 1369 (January 2020); (www.federalregister.gov/documents/2020/01/10/2020-00236/notice-on-penalty-inflation-adjustments-for-civil-monetary-penalties)

Biennial Review of User Fee Charges

Summary of Fees

In FY 2019 and FY 2020, we earned $299 million and $295 million in user fees, respectively. This revenue accounted for less than one percent of our total financing sources. We derive over 72 percent of user fee revenues from agreements with 20 States and the District of Columbia to administer some or all of the States' supplemental SSI benefits. During FY 2020, we charged a fee of $12.41 per payment for the cost of administering State supplemental SSI payments. This fee will increase to $12.49 for FY 2021. We adjust the user fee annually based on the Consumer Price Index, unless the Commissioner of Social Security determines a different rate is appropriate for the States. We charge full cost for other reimbursable activity, such as earnings record requests from pension funds and individuals.

Biennial Review

The *Chief Financial Officers Act of 1990* requires biennial reviews by Federal agencies of agency fees and other charges imposed for services rendered to individuals as opposed to the American public in general. The objective of these reviews is to identify such activities, charge fees as permitted by law, and periodically adjust these fees to reflect current costs or market value. Based on our FY 2020 review, we identified updates to the uniform standard fee structure for non-programmatic workloads previously implemented in FY 2018. We are planning to perform another review of these fees during FY 2022.

Real Property

In 2015, the Office of Management and Budget (OMB) issued Management Procedures Memorandum 2015-01, *Implementation of OMB Memorandum M-12-12 Section 3: Reduce the Footprint*, which calls for agencies to dispose of surplus properties, as well as make more efficient use of real property assets. This guidance requires agencies to reduce the total square footage of domestic office and warehouse inventory relative to a 2015-established baseline.

In accordance with Reduce the Footprint guidelines, we developed and implemented a *Real Property Efficiency Plan* to guide us in our efforts to comply with OMB's requirements. The majority of our portfolio is comprised of public-facing facilities providing services to the public. The remainder of the portfolio is made up of supporting office and warehouse spaces. This plan only measures our reduction goals based on designated office and warehouse facilities, excluding many of our public-facing facilities from our reporting requirements. We monitor the continuing implementation and submit to OMB the annual plan, describing the overall approach in managing our real property footprint. Information about the overall change in our real property footprint from the FY 2015 baseline for Reduce the Footprint is available on the Performance.gov website (www.performance.gov/real-property-metrics/). As of FY 2019, we have achieved a 4.1 percent usable square footage reduction from our 2015 baseline.

Our portfolio is comprised of Federal and leased spaces procured through General Services Administration (GSA) occupancy agreements; we do not own or directly lease any buildings in our inventory. Per Federal Management Regulation, Subchapter C, GSA acts as the landlord for the Federal civilian Government, and is charged with promulgating regulations governing the acquisition, use, and disposal of real property. We work closely with GSA to manage our portfolio given changing workloads and the best business case for the agency.

GRANT PROGRAMS

OMB Circular No. A-136, *Financial Reporting Requirements,* requires agencies to report on Federal grant and cooperative agreement awards that have not yet been closed out and for which the period of performance, including any extensions, elapsed for more than two years. As noted in the following table, we have no such grants or cooperative agreements to report.

The agency has six grant programs monitored by Grants Management Officers (GMO). Each GMO is responsible for monitoring a workload to ensure timely grant closeouts. Although we currently do not have any expired grants that have exceeded the two-year timeframe for closeout, there are occasions when a GMO cannot immediately close a grant. In certain instances, closeout could be delayed by one year.

Grants and Cooperative Agreements Summary Table

Category	2-3 Years	3-5 Years	More than 5 Years
Number of Grants/Cooperative Agreements with Zero Dollar Balances	Not Applicable	Not Applicable	Not Applicable
Number of Grants/Cooperative Agreements with Undisbursed Balances	Not Applicable	Not Applicable	Not Applicable
Total Amount of Undisbursed Balances	Not Applicable	Not Applicable	Not Applicable

DEBT COLLECTION AND MANAGEMENT

DEBT COLLECTION

We have a robust debt collection program to recover all types of overpayments. We use internal debt collection techniques (i.e., payment withholding and billing/follow-up), as well as external collection techniques authorized by the *Debt Collection Improvement Act of 1996* for OASDI debts and the *Foster Care Independence Act of 1999* for SSI debts.

In FY 2020, we recovered approximately $3.809 billion using both our internal and external collection tools. Over the last 5 years (FY 2016 through FY 2020), we have collected a total of $18.994 billion. The following tables provide a description of each of our internal and external debt collection techniques for OASDI and SSI overpayments, and a summary of the results.

INTERNAL COLLECTIONS

We utilize internal collection tools to recover payments of delinquent debt for individuals **in current pay**. In FY 2020, we recovered $3.533 billion using our internal collection tools, which accounted for about 93 percent of our total collections amount. Over the last 5 years (FY 2016 through FY 2020), we have collected a total of $17.848 billion using our internal collection tools.

Due to the COVID-19 pandemic, we deferred certain workloads and the resulting overpayment debt collections to protect beneficiaries' income and healthcare coverage. During FY 2020, we temporarily reprioritized certain manual workloads to stop actions that could have, under normal circumstances, resulted in a reduction, suspension, or termination of benefits payments under our OASI, DI, and SSI programs. We also accommodated individuals' requests to suspend recovering existing overpayments from their benefits, which resulted in fewer debt collections in FY 2020.

The following table provides a description of each of our internal debt collection techniques for OASDI and SSI overpayments, and a summary of the results.

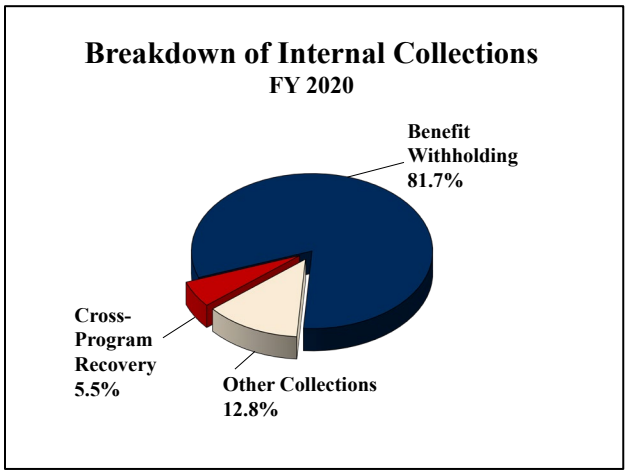
Internal Collections During Fiscal Year 2020
(Dollars in Billions)

Recovery Method	Description	OASDI	SSI	Total
Benefit Withholding	We withhold some or all benefit payments for Title II beneficiaries and Title XVI recipients in current pay. Benefit withholding typically accounts for the largest recovery of our total collections amount.	$1.997	$0.889	$2.886
Cross-Program Recovery (CPR)	CPR collects OASDI overpayments from monthly SSI payments and underpayments, and SSI overpayments from monthly OASDI benefit payments and underpayments.	$0.023	$0.173	$0.196
Other Collections	These are mostly voluntary payments received because of a notice requesting a refund of an overpayment.	$0.229	$0.223	$0.451
Total Internal Collections	The total amount recovered by utilizing our internal collection tools.	$2.249	$1.284	$3.533

Notes:

1. Totals do not necessarily equal the sum of rounded components.

The following chart highlights the allocation of overpayments collected through our various internal collection tools as a proportion of the total FY 2020 $3.533 billion internal collections amount.



External Collections

We utilize external collection tools to recover payments of delinquent debt for beneficiaries and recipients **no longer in current pay**. In FY 2020, we recovered $276.412 million using our external collection tools, which accounted for about 7 percent of our total collections amount. Over the last 5 years (FY 2016 through FY 2020), we have collected a total of $1.170 billion using our external collection tools.

Due to the COVID-19 pandemic, in March 2020, we requested and received approval to suspend using the Treasury Offset Program (TOP). We requested the Department of the Treasury (Treasury) to pause TOP to recover delinquent debts we previously referred to Treasury for collection, and suspended our referral of delinquent debts to TOP. In addition, we suspended new Administrative Wage Garnishment (AWG) orders. Changes to our external recovery methods resulted in fewer debt collections.

The following table provides a description of each of our external debt collection techniques for OASDI and SSI overpayments, and a summary of the results.

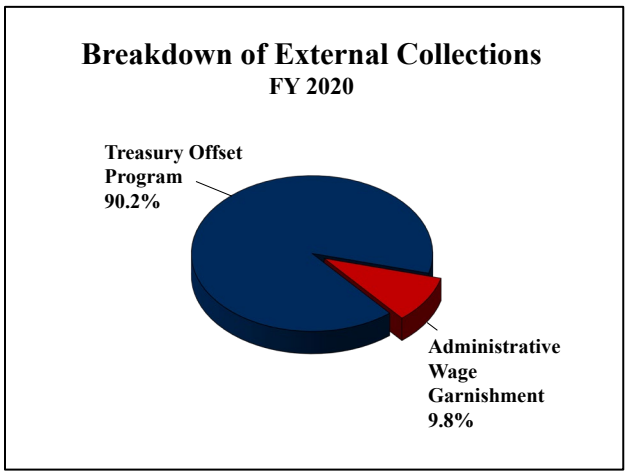
External Collections During Fiscal Year 2020
(Dollars in Billions)

Recovery Method	Description	OASDI	SSI	Total
TOP	TOP allows us to collect delinquent debt by tax refund offset, administrative offset, and Federal salary offset.	$0.151	$0.098	$0.249
AWG	AWG allows us to recover delinquent OASDI and SSI overpayments by ordering a debtor's employer to garnish up to 15 percent of the debtor's private-sector disposable pay (i.e., that part of a worker's total compensation after deduction of health insurance premiums and required deductions).	$0.020	$0.007	$0.027
Total External Collections	The total amount recovered by utilizing our external collection tools.	$0.171	$0.105	$0.276

Notes:

1. Totals do not necessarily equal the sum of rounded components.
2. For information on administrative overpayment collections, please refer to the Recapture of Improper Payments Reporting section of the *Payment Integrity* report.
3. We use credit bureau reporting, non-entitled debtors, and automatic netting SSI as external collection tools. Collections derived from these recovery methods are subsets of the main recovery methods displayed in the table above. However, we track these collections for informational and decision-making purposes.

The following chart highlights the allocation of overpayments collected through our various external collection tools as a proportion of the total FY 2020 $276.412 million external collections amount.



DEBT MANAGEMENT

The following two tables provide information on our debt management activities. We calculated the data shown in the tables by using accounts receivable amounts taken directly from the financial statements. We provide notes on activity that affected the change in accounts receivable activity between FY 2019 and FY 2020. We provide definitions of certain line items immediately following the Debt Management Activities Program and Administrative Table. For more information on our effort to curb overpayments, please refer to the *Payment Integrity* report immediately following this section.

A Title II system design limitation prevents us from capturing and tracking long-term withholding agreements for debt scheduled for collection beyond the year 2049. GAO noted this limitation in the July 2011 audit report entitled, "*Disability Insurance: SSA Can Improve Efforts to Detect, Prevent, and Recover Overpayments*." When we detect overpayments, we often find that disabled beneficiaries lack the means to repay us immediately. In many of these cases, we establish long-term repayment plans and withhold a portion of individuals' monthly benefits. We often withhold minimal amounts to avoid imposing undue hardships, and some repayment plans extend beyond the year 2049. We recognize that a portion of this debt will prove uncollectible because some plans exceed beneficiaries' expected lifetimes. We estimate that approximately 59,900 debts are affected by payment plans extending beyond the year 2049. We estimate the total gross value of the post year 2049 receivable amounts is approximately $718 million. This amount is not material to the consolidated financial statements. The 2049 data limitation in our debt management systems will no longer exist with the implementation of the new Debt Management System in FY 2022.

The following tables do not include the amounts related to post year 2049 debt. Therefore, the Total New Receivables and Total Write-offs are understated. We are working to address the system limitation; however, the accounts receivable balance reported on the financial statements are presented fairly in all material respects.

FY 2020 Quarterly Debt Management Activities Program and Administrative Table
(Dollars in Millions)

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
Total receivables	$25,972	$26,078	$25,609	$24,398
New receivables	1,631	3,305	4,208	6,332
Total collections	(1,053)	(2,172)	(3,036)	(4,100)
Adjustments	(274)	(537)	(899)	(1,129)
Total write-offs	(166)	(352)	(498)	(2,539)
- Waivers	(75)	(158)	(213)	(260)
- Terminations	(91)	(194)	(285)	(2,279)
Aging schedule of debts:				
- Non delinquent debt	13,888	14,134	13,525	14,263
- Delinquent debt				
- 120 days or less	1,970	1,684	1,404	957
- 121 days to 10 years	8,847	8,961	9,320	7,789
- Over 10 years	1,267	1,299	1,360	1,389
- Total delinquent debt	$12,084	$11,944	$12,084	$10,135

Debt Management Activities
Program and Administrative Table
(Dollars in Millions)

	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Total receivables	$21,014	$22,644	$24,484	$25,834	$24,398
New receivables	6,420	7,602	7,943	7,899	6,332
Total collections	(3,604)	(3,888)	(3,992)	(4,215)	(4,100)
Adjustments	(536)	(1,297)	(1,333)	(1,431)	(1,129)
Total write-offs	(627)	(787)	(778)	(903)	(2,539)
- Waivers	(275)	(339)	(329)	(390)	(260)
- Terminations	(352)	(448)	(449)	(513)	(2,279)
Non delinquent debt	12,984	13,628	14,272	14,445	14,263
Total delinquent debt	$8,030	$9,016	$10,212	$11,389	$10,135
Percentage Analysis					
% of outstanding debt:					
- Non delinquent	61.8%	60.2%	58.3%	55.9%	58.5%
- Delinquent	38.2%	39.8%	41.7%	44.1%	41.5%
% of debt estimated to be uncollectible	42.7%	42.6%	43.5%	45.7%	59.2%
% of debt collected	17.2%	17.2%	16.3%	16.3%	16.8%
% change in collections from prior fiscal year	-2.4%	7.9%	2.7%	5.6%	-2.7%
% change in delinquencies from prior fiscal year	12.3%	12.3%	13.3%	11.5%	-11.0%
Clearances as a % of total receivables	20.1%	20.6%	19.5%	19.8%	27.2%
- Collections as a % of clearances	85.2%	83.2%	83.7%	82.4%	61.8%
- Write-offs as a % of clearances	14.8%	16.8%	16.3%	17.6%	38.2%
Other Analysis					
Cost to collect $1	$0.07	$0.07	$0.07	$0.06	$0.06
Average number of months to clear receivables:					
- OASI	17	15	16	16	16
- DI	55	44	45	45	68
- SSI	42	43	43	49	66

Notes:

1. New Receivables – During FY 2020, as a result of the COVID-19 pandemic, the agency deferred certain overpayment debt activities (i.e., issuing new debt), which has resulted in lower new debt in FY 2020 than in FY 2019.
2. Total Write-offs/Terminations – During FY 2020, we re-evaluated our program debt portfolio, specifically delinquent and uncollectible debt that we were pursuing. We found that we were pursuing debt that was largely uncollectible, thereby inefficiently using our processing centers' limited resources. In FY 2020, we targeted a portion of our OASI and DI debt that we determined to be uncollectible, and wrote-off (terminated collection activity on) $1,899 million of accounts receivable. By terminating collection activity on uncollectible debt, we will better reflect current receivables on our financial statements as well as reduce the number of actions from the processing center pending backlog. We are continuing to evaluate our delinquent debt and will continue this write-off process into FY 2021 for our SSI program debt, as well as additional OASI and DI debt. Please note that any debt terminated is still eligible for collection in the future. (See Termination definition below).
3. Percentage of Debt Estimated to be Uncollected - During FY 2020, we evaluated and modified our allowance for doubtful accounts methodology. Our new methodology allows for all delinquent debt two years or older at 100 percent. For remaining debt that is not

delinquent two years or more, we apply our uncollectible ratios, consistent with previous years. We add the fully allowed delinquent debt two years and older value to the calculated uncollectible value on the remaining debt to calculate the total allowance for doubtful accounts.

4. Average Number of Months to Clear Receivables – The changes to our accounts receivable activity in FY 2020 have affected the average number of months to clear debt.
5. Refer to Note 1, Summary of Signification Accounting Policies, and Note 6, Accounts Receivable, Net, in the Financial Statements and Additional Information section for more information.

Definitions:

1. Adjustments – Program debt adjustments represent: (a) written-off debts, by way of terminations, that we reinstate for collections; (b) changes in debts when we update debtor accounts with new information; and (c) minor differences between reports containing debt information that we use to maintain an ending accounts receivable balance.
2. Waivers – Waivers represent the amount of overpayments forgiven because the overpaid person: (a) is without fault in causing the debt; and (b) recovery would either defeat the purpose of the act or be against equity and good conscience. Waivers permanently remove debts from our accounts receivable balance, which precludes any further collection efforts.
3. Terminations – Terminations represent our decision to cease our own efforts to collect a debt because: (a) the debtor will not repay the debt or alleges they cannot pay the debt; (b) we cannot locate the debtor after diligent search; or (c) the debt is at least two years delinquent. Even though we terminate internal active collection, we may still use external collection efforts such as the TOP and AWG. If the debtor becomes entitled to OASDI benefits or eligible for SSI payments, we reinstate the debt and resume recovery through benefit/payment withholding.
4. Delinquent Debt – A debt is delinquent when no voluntary payment has been made 30 days after the latest of the following: (a) the date we establish an OASDI debt; (b) the date of the initial overpayment notice for a SSI debt; (c) the date of the last voluntary payment; (d) the date of an installment or periodic payment arrangement (if we do not receive a payment); and (e) the date we decide a debtor remains responsible for a debt, in response to a due process action by the debtor.

PAYMENT INTEGRITY

BACKGROUND

Program integrity workloads are critical to ensuring efficient programs and accurate payments in our Old-Age and Survivors Insurance (OASI), Disability Insurance (DI) (referred to as OASDI when discussing them in combination), and Supplemental Security Income (SSI) programs. As good stewards of our resources and taxpayer funds, we remain focused on the integrity of our programs, including minimizing improper payments. "Ensure Stewardship" is a Strategic Goal in our *Agency Strategic Plan for Fiscal Years* (FY) *2018–2022* (www.ssa.gov/agency/asp). Each year, we report improper payment findings, both overpayments and underpayments, from our stewardship reviews of the non-medical aspects of the OASI, DI, and SSI programs. Regarding the medical aspects of our disability programs, we conduct continuing disability reviews (CDR) to determine whether disability beneficiaries continue to meet the programs' medical criteria. Terminating disability benefits after a CDR does not necessarily mean that the original determination was incorrect; it means the beneficiary's medical condition has improved and the beneficiary no longer meets our definition of disability. Therefore, we consider the benefits he or she received before improvement to be proper.

On March 2, 2020, the President signed into law S. 375, the *Payment Integrity Information Act of 2019* (PIIA). This law changed government-wide improper payment reporting requirements by repealing and replacing the *Improper Payments Information Act of 2002* (IPIA), the *Improper Payments Elimination and Recovery Act of 2010* (IPERA), the *Improper Payments Elimination and Recovery Improvement Act of 2012* (IPERIA), and the *Fraud Reduction and Data Analytics Act of 2015*. Under the new law, government-wide improper payment reporting requirements include those carried forward unchanged from the previous law (including some that stem from Office of Management and Budget (OMB) guidance), modified previous-law requirements, and new requirements. PIIA requires the Director of OMB to publish guidance to executive agencies within one year after the date of enactment. OMB has directed agencies to follow OMB Circular No. A-123, Appendix C, *Requirements for Payment Integrity Improvement* until implementation guidance is published.

In accordance with OMB guidelines, we report as improper those payments that resulted from:

- Our mistake in computing the payment;
- Our failure to obtain or act on available information affecting the payment;
- A beneficiary's failure to report an event; or
- A beneficiary's incorrect report.

Effective FY 2018, any program with $2 billion in improper payments qualifies as a high-priority program, and agencies must report improper payments in those programs. For FY 2017, the annual threshold was $750 million. OASDI and SSI meet OMB's definition of high-priority programs. More information about the improper payments in our high-priority programs for FY 2020 and previous years can be found on OMB's improper payment website (www.paymentaccuracy.gov).

The information presented in this report complies with the guidance provided in OMB Circular No. A-123, Appendix C, *Requirements for Payment Integrity Improvement*, and OMB Circular No. A-136, *Financial Reporting Requirements*. This report provides general information that demonstrates our commitment to reducing improper payments; it also describes our efforts to reduce, recover, and prevent improper payments for our OASDI and SSI benefit programs and our administrative payments.

The President's Management Agenda, released by the White House in March 2018, identifies Cross-Agency Priority (CAP) Goals to target those areas where multiple agencies must collaborate to effect change and report progress in a manner the public can easily track. The CAP Goal "Getting Payments Right" will reduce the amount of monetary loss to the taxpayer through incorrect payments; clarify and streamline reporting and compliance requirements to focus on actions that make a difference; and facilitate our partnership with the States to address improper payments in programs they administer using Federal funds. The information in this report supports the CAP Goal.

We also fulfill the requirements of Executive Order 13520, *Reducing Improper Payments,* by providing additional information about our efforts to curb improper payments in our OASDI and SSI programs on our public improper payments website (www.ssa.gov/improperpayments).

PAYMENT REPORTING

IMPROPER PAYMENTS STRATEGY

In FY 2020, we collaborated with Federal partners, stakeholders, and beneficiaries to work toward our agency Strategic Goal to "Ensure Stewardship," through focused efforts on our Strategic Objective, "Improve Program Integrity."

We identified the following strategies to accomplish this Strategic Objective:

- Collaborate with partners to address improper payments;
- Address the root causes of improper payments to prevent their recurrence; and
- Modernize our debt management and debt collection business processes.

We continued aligning our enterprise investments with our improper payments prevention strategies and developed protocols to scrutinize key workloads to understand better the underlying root causes of error. We continually investigate and assess root causes to ensure we focus our improper payment prevention strategies on actions that make a difference and facilitate our partnership with the States to address improper payments.

Based upon our stewardship reviews and other analyses, we identified the leading causes of improper payments and identified workloads on which we plan to focus our resources and improve performance by the end of FY 2021.

We identified the following initiatives to help achieve this Strategic Objective:

- Promote timely wage reporting; and
- Modernize our Debt Management System (DMS).

We discuss these initiatives and their relation to reducing improper payments in our OASDI and SSI programs in the Improper Payment Root Cause Categories and the Improper Payment Corrective Actions sections of this report. We also discuss initiatives that affect improper payments in both programs in the Other Major Causes and Corrective Actions in the OASDI and SSI Programs section of this *Payment Integrity* report.

We identified the following four performance measures to help evaluate our progress on this Strategic Objective:

- Improve the integrity of the SSI program by focusing our efforts on reducing overpayments;
- Maintain a high payment accuracy rate by reducing overpayments in the OASDI program;
- Ensure the quality of our decisions by achieving the State disability determination services (DDS) decisional accuracy rate for initial disability decisions; and
- Modernize our DMS.

In addition, "Improving the integrity of the SSI program by focusing our efforts on reducing overpayments" is an Agency Priority Goal for FYs 2020–2021. We provide more information about our performance measures in our *Annual Performance Plan for FY 2021, Revised Performance Plan for FY 2020, and Annual Performance Report for FY 2019* (www.ssa.gov/agency/performance).

EXPERIENCE IN THE OASI, DI, AND SSI PROGRAMS

OMB requires agencies that have programs or activities that are susceptible to significant improper payments to list the programs and related improper payment rates in one table. Table 1 shows the improper payment rates for the OASI, DI, and SSI programs for FY 2019. We also show the combined improper payment rate for the OASI and DI programs (i.e., OASDI). We calculate the overpayment rate by dividing overpayment dollars by total dollars paid, and the underpayment rate by dividing underpayment dollars by total dollars paid. We calculate the improper payment rate by adding overpayment and underpayment dollars and dividing by total dollars paid.

Please see Table 1.1 for more details about our improper payment rates for the OASI and DI programs for FYs 2017, 2018, and 2019. Please see Table 1.2 for more details about our improper payment rates for the SSI program for FYs 2017, 2018, and 2019.

Table 1: Improper Payments Experience
FY 2019
(Dollars in Millions)

	OASI	DI	OASDI	SSI	Total
FY 2019 Outlays	$875,884.09	$132,881.66	$1,008,765.76	$56,544.83	$1,065,310.59
FY 2019 Proper Payment $	$873,554.61	$132,631.21	$1,006,185.82	$51,225.08	$1,057,410.90
FY 2019 Proper Payment %	99.73%	99.81%	99.74%	90.59%	99.26%
FY 2019 Improper Payment $	$2,329.49	$250.45	$2,579.94	$5,319.75	$7,899.69
FY 2019 Monetary Loss $	$1,842.92	$203.10	$2,046.02	$4,595.43	$6,641.45
FY 2019 Non-Monetary Loss $	$486.57	$47.35	$533.92	$724.32	$1,258.24
FY 2019 Unknown $	$0	$0	$0	$0	$0
FY 2019 Improper Payment %	0.27%	0.19%	0.26%	9.41%	0.74%
FY 2019 Monetary Loss %	0.21%	0.15%	0.20%	8.13%	0.62%
FY 2019 Non-Monetary Loss %	0.06%	0.04%	0.05%	1.28%	0.12%
FY 2019 Unknown %	0%	0%	0%	0%	0%
FY 2019 Overpayment $	$1,842.92	$203.10	$2,046.02	$4,595.43	$6,641.45
FY 2019 Overpayment %	0.21%	0.15%	0.20%	8.13%	0.62%
FY 2019 Underpayment $	$486.57	$47.35	$533.92	$724.32	$1,258.24
FY 2019 Underpayment %	0.06%	0.04%	0.05%	1.28%	0.12%

Notes:

1. Total OASDI and SSI outlays for FY 2019 represent estimated cash outlays while conducting the annual stewardship reviews and may vary from actual cash outlays. OASDI totals may not equal the sum of OASI and DI amounts due to rounding.
2. OASDI outlays are estimates based on limited sample sizes.
3. There may be slight variances in the dollar amounts and percentages reported due to rounding of source data. We derive percentages from unrounded source data.
4. OASDI and SSI payments come directly from the Federal Government and do not involve third party payers.

OASDI Experience

Over the last 5 years (FYs 2015–2019), based on our stewardship reviews, we estimate that we paid approximately $3.9 trillion to OASI beneficiaries. Of that total, we estimate $7.6 billion were overpayments, representing approximately 0.19 percent of outlays. We estimate that underpayments during this same period were $1.7 billion, the equivalent of approximately 0.04 percent of outlays.

In the DI program, we estimate that we paid $683.3 billion to DI beneficiaries over the last 5 years (FYs 2015–2019). Of that total, we estimate $7.5 billion were overpayments, representing approximately 1.10 percent of outlays. We estimate underpayments during this same period totaled $0.8 billion, the equivalent of approximately 0.12 percent of outlays.

Table 1.1 shows the estimated improper payment rates for the OASI and DI programs for FYs 2017, 2018, and 2019.

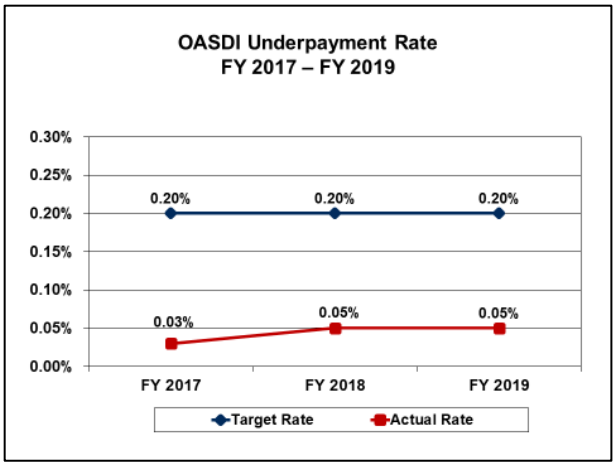
Table 1.1: OASDI Improper Payments Experience
FY 2017 – FY 2019
(Dollars in Millions)

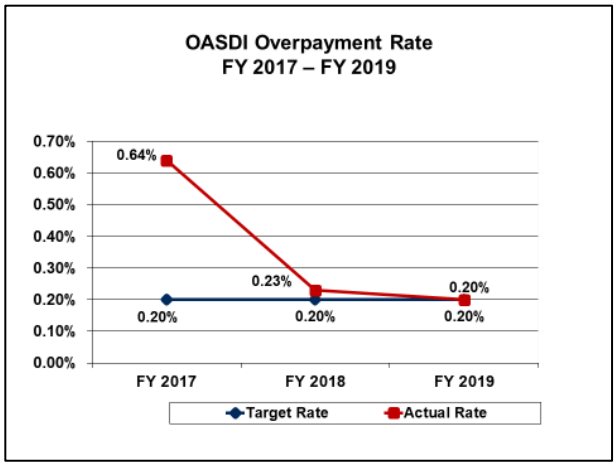
	FY 2017		FY 2018		FY 2019	
	Dollars	Rate	Dollars	Rate	Dollars	Rate
OASI						
Total Benefit Payments	$780,787.23		$808,695.11		$875,884.09	
Underpayment Error	$98.71	0.01%	$125.14	0.02%	$486.57	0.06%
Overpayment Error	$2,458.54	0.31%	$536.82	0.07%	$1,842.92	0.21%
DI						
Total Benefit Payments	$129,222.32		$139,486.69		$132,881.66	
Underpayment Error	$195.08	0.15%	$309.67	0.22%	$47.35	0.04%
Overpayment Error	$3,405.49	2.64%	$1,679.64	1.20%	$203.10	0.15%
Combined OASDI						
Total Benefit Payments	$910,009.54		$948,181.79		$1,008,765.76	
Underpayment Error	$293.79	0.03%	$434.81	0.05%	$533.92	0.05%
Underpayment Target		≤0.20%		≤0.20%		≤0.20%
Overpayment Error	$5,864.03	0.64%	$2,216.45	0.23%	$2,046.02	0.20%
Overpayment Target		≤0.20%		≤0.20%		≤0.20%

Notes:

1. Total benefit payments for FYs 2017–2019 represent estimated cash outlays while conducting the annual stewardship reviews and may vary from actual cash outlays. OASDI totals may not equal the sum of OASI and DI amounts due to rounding.
2. Total benefit payments for OASDI are estimates based on limited sample sizes, which may cause them to vary from year to year.
3. FY 2020 data will be available in the summer of FY 2021.
4. There may be slight variances in the dollar amounts and percentages reported due to rounding of source data.
5. OASI statistical precision is at the 95 percent confidence level for all rates shown. Confidence intervals are: For FY 2017, +0.01 percent and –0.01 percent for underpayments and +0.30 percent and –0.33 percent for overpayments; for FY 2018, +0.01 percent and –0.02 percent for underpayments and +0.06 percent and –0.07 percent for overpayments; and for FY 2019, +0.05 percent and –0.05 percent for underpayments and +0.20 percent and –0.25 percent for overpayments.
6. DI statistical precision is at the 95 percent confidence level for all rates shown. Confidence intervals are: For FY 2017, +0.14 percent and –0.27 percent for underpayments and +2.6 percent and –2.6 percent for overpayments; for FY 2018, +0.21 percent and –0.33 percent for underpayments and +1.19 percent and –1.92 percent for overpayments; and for FY 2019, +0.03 percent and –0.05 percent for underpayments and +0.14 percent and –0.18 percent for overpayments.
7. OASDI statistical precision is at the 95 percent confidence level for all rates shown. Confidence intervals are: For FY 2017, +0.02 percent and –0.06 percent for underpayments and +0.36 percent and –0.37 percent for overpayments; for FY 2018, +0.05 percent and –0.05 percent for underpayments and +0.13 percent and –0.35 percent for overpayments; and for FY 2019, +0.04 percent and –0.05 percent for underpayments and +0.19 percent and –0.22 percent for overpayments.
8. The changes in the combined OASDI error rates from FY 2017 to FY 2018 are not statistically significant. The changes in the combined OASDI error rates from FY 2018 to FY 2019 are not statistically significant.
9. The changes in the OASI and DI error rates from FY 2017 to FY 2018 and from FY 2018 to FY 2019 are not statistically significant.
10. We strive to reduce improper payments within the constraints of statutory and regulatory requirements and available resources. We also work with Congress and our stakeholders to identify ways to simplify our statutory and regulatory requirements. In addition, in this report, we discuss the major causes of our OASDI error rates and our corrective action plans to reduce them. While we strive to improve our efforts to reduce improper payments, outcomes must be significant to affect our error rate. To have an effect on improper payments, for FY 2019 each tenth of a percentage point in payment accuracy represents about $1,009 million in program outlays for the OASDI program.
11. Our OASDI improper payment target rate of 0.40 percent is a combination of 0.20 percent for OASDI overpayments and 0.20 percent for OASDI underpayments. In FY 2020, we reported an actual FY 2019 OASDI overpayment rate of 0.20 percent (compared to a 0.20 percent target - a variance of 0.00 percent) and an actual FY 2019 OASDI underpayment rate of 0.05 percent (compared to a 0.20 percent target - a variance of 0.15 percent). We use a fixed, aggressive OASDI improper payment target rate of 0.40 percent to better monitor and account for historical fluctuations above and below 0.40 percent because of normal variability when performing statistical analysis to determine the yearly rate. Overall, our OASDI program has very high payment accuracy. The OASDI overpayment and underpayment accuracy rates, both separately and combined, have exceeded 99 percent for a number of years.

The following graphs show our estimated OASDI underpayment and overpayment rates for the last three years.





The leading causes of error impacting the overall error rates are Substantial Gainful Activity (SGA), [1] Windfall Elimination Provision (WEP), [2] and Relationship errors. SGA errors primarily occur due to beneficiaries' failure to report work activity. SGA errors also occur when we do not take appropriate or timely action to process work reports. WEP errors occur when beneficiaries' failure to report the receipt of pensions, and when we do not take proper action to impose the reduction. Relationship errors occur primarily because beneficiaries' fail to report a change in marital status.

SSI Experience

Over the last 5 years (FYs 2015–2019), based on our stewardship reviews, we estimate that we paid approximately $283.4 billion to SSI recipients. Of that total, we estimate $21 billion were overpayments, representing about 7 percent of outlays. We estimate that underpayments during this same period were $3.7 billion, the equivalent of approximately 1.3 percent of outlays.

Table 1.2 shows the estimated improper payment rates for the SSI program for FYs 2017, 2018, and 2019.

[1] A definition of SGA is available at: www.ssa.gov/oact/cola/sga.html.
[2] A definition of WEP is available at: www.ssa.gov/pubs/EN-05-10045.pdf.

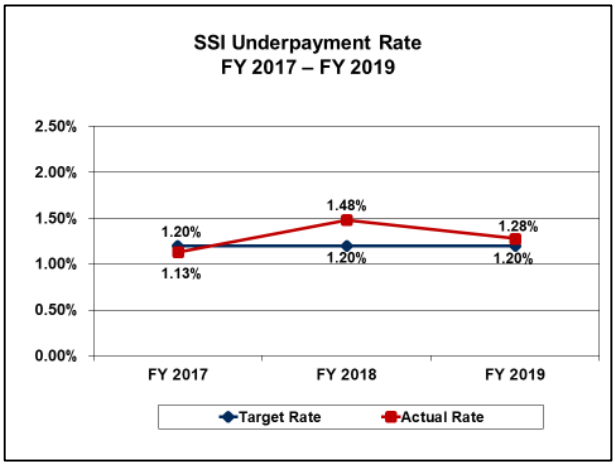
Table 1.2: SSI Improper Payments Experience
FY 2017 – FY 2019
(Dollars in Millions)

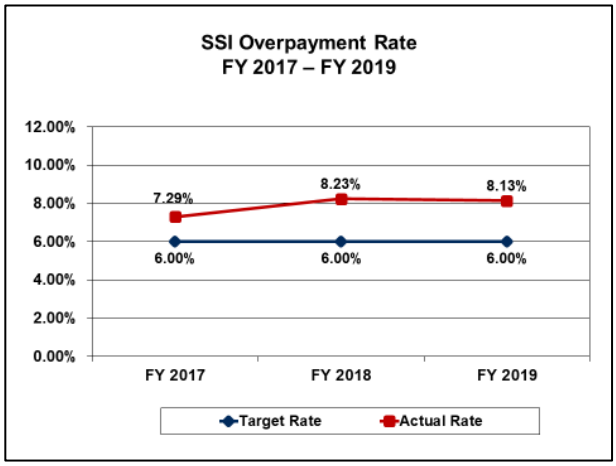
	FY 2017	FY 2018	FY 2019
Total Federally Administered Payments			
Dollars	$56,495.45	$56,976.30	$56,544.83
Underpayments			
Dollars	$636.42	$842.45	$724.32
Target Rate	≤1.20%	≤1.20%	≤1.20%
Actual Rate	1.13%	1.48%	1.28%
Overpayments			
Dollars	$4,121.02	$4,686.31	$4,595.43
Target Rate	≤6.00%	≤6.00%	≤6.00%
Actual Rate	7.29%	8.23%	8.13%

Notes:

1. Total federally administered payments represent estimated program outlays while conducting the annual stewardship reviews and may vary from actual outlays.
2. FY 2020 data will be available in the summer of FY 2021.
3. We base the percentages and dollar amounts presented in Table 1.2 on actual numbers used from the source data. However, there may be differences in the calculated overpayment and underpayment rates due to rounding.
4. SSI statistical precision is at the 95 percent confidence level for all rates shown. Confidence intervals are: For FY 2017, ±0.30 percent for underpayments and ±1.04 percent for overpayments; for FY 2018, ±0.35 percent for underpayments and ±0.93 percent for overpayments; and for FY 2019, ±0.22 percent for underpayments and ±1.08 percent for overpayments.
5. Please note that year-to-year differences from changes in the SSI overpayment and underpayment error rates from FY 2017 to FY 2018 are not statistically significant. The changes in the SSI overpayment and underpayment error rates from FY 2018 to FY 2019 are not statistically significant.
6. We strive to reduce improper payments within the constraints of statutory and regulatory requirements and available resources. We also work with Congress and our stakeholders to identify ways to simplify our statutory and regulatory requirements. In addition, in this report, we discuss the major causes of our SSI error rates and our corrective action plans to reduce them. While we strive to improve our efforts to reduce improper payments, outcomes must be significant to affect our error rate. To have an effect on improper payments, for FY 2019, each tenth of a percentage point in payment accuracy represents about $56.5 million in program outlays for the SSI program.

The graphs below show our estimated SSI underpayment and overpayment rates for the last three years.





IMPROPER PAYMENT ROOT CAUSE CATEGORIES

Table 2 lists the major causes of improper payments (overpayments and underpayments) in the OASDI and SSI programs using OMB's seven categories of error.

Table 2: Improper Payment Root Cause Category Matrix
FY 2019
(Dollars in Millions)

	OASDI Program			SSI Program		
Reason for Improper Payment	**Overpayment**		**Underpayment**	**Overpayment**		**Underpayment**
	Monetary Loss Within Agency Control	**Monetary Loss Outside Agency Control**		**Monetary Loss Within Agency Control**	**Monetary Loss Outside Agency Control**	
Program Design or Structural Issue	$0	$0	$0	$0	$0	$0
Inability to Authenticate Eligibility:						
Inability to Access Data	$173.32	$1,057.88	$0	$0	$3,996.18	$453.51
Data Needed Does Not Exist	$0	$0	$0	$0	$221.25	$170.61
Failure to Verify:						
Death Data	$0	$0	$0	$0	$40.16	$0
Financial Data	$0	$0	$0	$90.63	$0	$46.52
Excluded Party Data	$0	$0	$0	$0	$0	$0
Prisoner Data	$0	$111.20	$0	$0	$0	$0
Other Eligibility Data	$217.37	$127.22	$29.85	$37.16	$0	$12.51
Administrative or Process Error Made by:						
Federal Agency	$277.23	$81.81	$504.06	$210.05	$0	$41.17
State or Local Agency	$0	$0	$0	$0	$0	$0
Other Party (e.g., participating lender, health care provider, or any other organization administering Federal dollars)	$0	$0	$0	$0	$0	$0
Medical Necessity	$0	$0	$0	$0	$0	$0
Insufficient Documentation to Determine	$0	$0	$0	$0	$0	$0
Other Reason (explain)	$0	$0	$0	$0	$0	$0
TOTAL	$667.92	$1,378.10	$533.92	$337.84	$4,257.59	$724.32

Notes:

1. Data Source: FY 2019 OASDI and SSI stewardship reviews. FY 2020 data will be available in the summer of FY 2021.
2. There may be slight variances in the dollar amounts reported due to rounding of source data.
3. Because the number of death overpayments is small, the estimated amount of error found in our samples varies from year to year.
4. Beginning in 2015, OMB required us to categorize improper payments in our programs into seven categories, as defined below:
   - **Program Design or Structural Issue** – Improper payments resulting from the design of the program or a structural issue.
   - **Inability to Authenticate Eligibility** – Improper payments issued because the agency is unable to authenticate eligibility criteria.
     - **Inability to Access Data** – The data needed to authenticate eligibility exists but the agency is unable to access the data prior to making the payment. For our OASDI corrective action related to this improper payment category, refer to the Other Major Causes and Corrective Actions in the OASDI and SSI Programs section; Marital Status Information. For our SSI corrective actions related to this improper payment category, refer to the Major Causes and Corrective Actions for SSI Improper Payments section; Financial Accounts (Table 2.7), Wages (Table 2.9), Residency (Table 2.13), and Other Real Property (Table 2.15).
     - **Data Needed Does Not Exist** – No database or dataset currently exists that the agency can use to check eligibility prior to making the payment. For our SSI corrective actions related to this improper payment category, refer to the Major Causes and Corrective Actions for SSI Improper Payments section; In-kind Support and Maintenance (ISM) (Table 2.11).
   - **Failure to Verify Data** – Improper payments issued because the agency or another party administering Federal dollars fails to verify appropriate data to determine whether or not a recipient should be receiving a payment, even though such data exists in government or third-party databases.
     - **Death Data** – Failure to verify that an individual is deceased and the agency pays that individual. For more information, see the Additional Comments section.
     - **Financial Data** – Failure to verify that an individual's or household's financial resources (e.g., current income or assets) do not meet the threshold to qualify him or her for a benefit, and the agency makes a benefit payment to that individual or household. For our corrective actions related to this improper payment category, refer to the Major Causes and Corrective Actions for SSI Improper Payments section; Financial Accounts (Table 2.7) and Other Real Property (Table 2.15).
     - **Excluded Party Data** – Failure to verify that an individual or entity has been excluded from receiving Federal payments and the agency pays that individual or entity.
     - **Prisoner Data** – Failure to verify that an individual is incarcerated and ineligible for receiving a payment and the agency pays that individual. For our corrective actions related to this improper payment category, refer to the Other Major Causes and Corrective Actions in the OASDI and SSI Programs section; Prisoner Information.
     - **Other Eligibility Data** – Any other failure to verify data not already listed above, causing the agency to make an improper payment as a result. For OASDI, the leading root cause is SGA. For SSI, the leading root causes are Living Arrangement and ISM. For OASDI corrective actions related to this improper payment category, refer to the Major Causes and Corrective Actions for OASDI Improper Payments section; SGA (Table 2.2) and to the Other Major Causes and Corrective Actions in the OASDI and SSI Programs section; and WEP and Government Pension Offset (GPO)[3] (Table 2.12). For SSI corrective actions related to this improper payment category, refer to the Major Causes and Corrective Actions for SSI Improper Payments section; and ISM (Table 2.11).
   - **Administrative or Process Errors Made** – Improper payments caused by incorrect data entry, classifying, or processing of applications or payments made by Federal, State, local agencies, or other organizations that administer Federal dollars. For OASDI corrective actions related to this improper payment category, refer to the Major Causes and Corrective Actions for OASDI Improper Payments section; Increase Post-Entitlement Accuracy (Table 2.4) and Potential Entitlements (Table 2.5). For SSI corrective actions related to this improper payment category, refer to the Major Causes and Corrective Actions for SSI Improper Payments section; ISM (Table 2.11).
   - **Medical Necessity** – Improper payments issued to a medical provider who delivers a service or item that does not meet coverage requirements for medical necessity.
   - **Insufficient Documentation to Determine** – Improper payments issued when there is a lack of supporting documentation necessary to verify accuracy of a payment identified in the improper payment testing sample.
   - **Other Reason** – Improper payments caused by payment errors that do not fit in the above categories.

[3] A definition of GPO is available at: www.socialsecurity.gov/pubs/EN-05-10007.pdf.

IMPROPER PAYMENT CORRECTIVE ACTIONS

MAJOR CAUSES AND CORRECTIVE ACTIONS FOR OASDI IMPROPER PAYMENTS

Our stewardship review findings over the last five years show that the major causes of overpayments in the OASDI program are SGA and errors in computations. The major cause of underpayments is errors in computations.

SUBSTANTIAL GAINFUL ACTIVITY

Description:

When disability beneficiaries work, several factors determine whether they can continue to receive monthly benefits. Improper payments occur when beneficiaries fail to report earnings timely, or we do not take the proper actions to process work reports. The following graph shows the five-year rolling average of SGA overpayment deficiency dollars. Please note that year-to-year differences are not statistically significant.

Historical Figures:

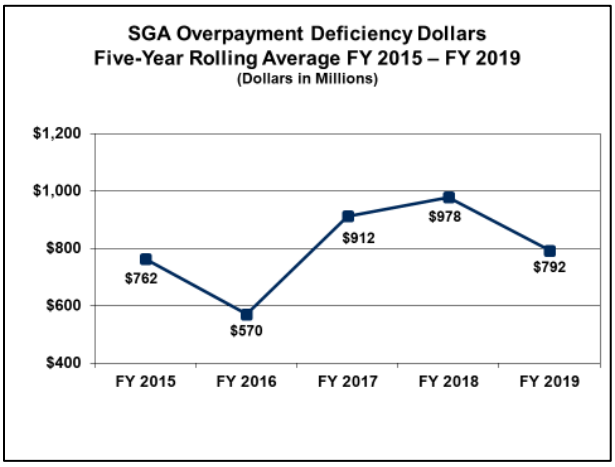


Table 2.1: SGA Overpayment Deficiency Dollars FY 2015 – FY 2019 (Dollars in Millions)

	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
Overpayments	$762	$570	$912	$978	$792

Corrective Actions:

Recent studies indicate that we can improve accuracy in the area of processing OASDI work CDRs and other changes to a beneficiary's record after he or she is already entitled to benefits. A work CDR is a review of the eligibility requirements regarding whether a disabled beneficiary is engaging in SGA. SSI redeterminations are periodic reviews of non-medical factors of eligibility, such as income and resources. Accordingly, we developed the WorkSmart process to identify DI beneficiaries whose earnings put them at risk of being overpaid. The process builds on the current Continuing Disability Review Enforcement Operation (CDREO) by integrating quarterly work CDR alerts based on quarterly earnings from the Office of Child Support Enforcement (OCSE). We receive quarterly alerts up to one year earlier than the current CDREO alerts, meaning we learn of unreported work more quickly and can take action earlier to reduce work-related overpayments. WorkSmart also built a monthly process of selecting cases for a work CDR using reported paystub data to determine when a beneficiary completes the Trial

Work Period (TWP)[4] or works above SGA after the TWP. In 2021, this monthly process will also use earnings data under Section 824 of the *Bipartisan Budget Act of 2015* to select cases for a work CDR shortly after the beneficiary starts working.

Table 2.2 shows our actions to ensure timely processing of beneficiaries' earnings. Payment errors based on SGA correspond to the "Failure to Verify: Other Eligibility Data" category in Table 2.

[4] A definition of TWP is available at: www.ssa.gov/oact/cola/twp.html.

Table 2.2: SGA – Corrective Actions

Description	Target Completion	Status
Predictive Model		
Improper payments due to work activity result from beneficiaries failing to report earnings timely or our failure to take timely action on earnings after the earnings are reported. We can reduce and prevent improper payments and complete work CDRs more efficiently by: • Identifying earnings earlier to reduce the amount of time a beneficiary is overpaid; • Using monthly or quarterly wage data to identify beneficiaries completing the TWP or working SGA after the TWP; and • Prioritizing cases that are most likely to end in an SGA cessation. We are targeting work CDRs to address improper payments via the WorkSmart project to identify cases completing the TWP and working SGA after the TWP. As we receive more monthly earnings data through a third-party payroll provider, WorkSmart will select cases for a work CDR shortly after the earnings are available, thus reducing overpayments. WorkSmart consists of three parts: CDREO Predictive Model (annual earnings), Quarterly Earnings Project (quarterly earnings), and Monthly Earnings Project (monthly earnings). WorkSmart is data-driven and focuses on our three Strategic Goals: 1) Deliver Services Effectively; 2) Improve the Way We Do Business; and 3) Ensure Stewardship. WorkSmart will allow us to address key backlogs, support our frontline staff, and reduce improper payments.	Ongoing	In FY 2019, we negotiated a contract to build an information exchange for monthly wage and employment information from third-party payroll data providers under Section 824 of the *Bipartisan Budget Act of 2015*. For more information on Section 824 of the *Bipartisan Budget Act of 2015*, please see the Legislation section below. Our CDR enforcement process alerts records of OASDI and concurrent DI/SSI beneficiaries who may have substantial earnings after disability onset. In FY 2019, we alerted 60,000 cases using quarterly wages; approximately 80 percent of the completed cases resulted in a cessation of benefits In FY 2020, we identified approximately 90,000 cases in need of a work CDR using the quarterly earnings from OCSE data. We estimate that approximately 70 percent of the completed cases will result in a cessation. In FY 2020, we identified work CDR cases using monthly earnings data from the myWR and Ticket to Work reports. We identified approximately 25,000 cases in need of a TWP or SGA determination. Of the cases identified for meeting the SGA threshold, about 50 percent are expected to result in an SGA cessation.

Description	Target Completion	Status
Legislation		
Section 826 of the *Bipartisan Budget Act of 2015* requires the Commissioner to establish and implement a system permitting DI beneficiaries to report their earnings electronically.	Completed FY 2017	In September 2017, we released the myWR online application, which allows DI beneficiaries and representative payees to report wages, and provides a receipt for the report that the wage reporter can view, print, and save. DI self-reporters and their representative payees can report wages that occurred within two years of the reporting date.
	Completed FY 2018	In June 2018, we added functionality to myWR that allows SSI and concurrent (SSI and DI) wage reporting. Wage receipts generated by myWR are stored in our online retrieval system. In an effort to increase use of the myWR application, we continued to promote the online service to beneficiaries, representative payees, and advocacy groups. In September 2018, we updated our eWork system to send a priority alert to field offices for cases that have SGA earnings and require a work CDR. This alert allows management to quickly assign and monitor these cases and allows us to respond to earnings at the earliest possible point to improve CDR processing times and reduce improper payments.
	Completed FY 2019	In FY 2019, we updated the management information systems to track the effectiveness of the new priority alert. In FY 2019, users successfully submitted over 99,000 myWR transactions.
	Completed FY 2020	In early FY 2020, there was an increase in the myWR submission failures. A systems enhancement was successfully implemented in November 2019 which nearly eliminated the failures by the fourth quarter of FY 2020. In November 2019, we issued an administrative message reminding technicians to key Employer Identification Numbers in the Modernized Supplemental Security Information Claims System and eWork when processing wages and work reports. In February 2020, we released a video-on-demand refresher training for technicians.
	FY 2021 through FY 2022	In FYs 2021 and 2022, we plan to expand our management information capabilities for myWR.

Description	Target Completion	Status
Section 824 of the *Bipartisan Budget Act of 2015* authorizes the Commissioner to establish information exchanges with payroll data providers to obtain wage data to administer the DI and SSI programs and to prevent improper payments. DI and SSI applicants and beneficiaries who authorize us to obtain wage information through such an exchange will be exempt from certain statutory penalties for any omission or error in the wages provided by the payroll data provider.	To be determined (TBD)	In September 2017, we implemented the first phase of Section 824 of the *Bipartisan Budget Act of 2015*, which allows the agency to collect and store authorization from DI and SSI applicants and beneficiaries to obtain their payroll data via the information exchange. To date, we have collected over 9.5 million consent authorizations from applicants, beneficiaries, and recipients. Additionally, we made enhancements to the application we use to process wage determinations for DI. The systems enhancements were made originally in support of Section 826 of the *Bipartisan Budget Act of 2015*. However, we made sure those system releases would also support the *Bipartisan Budget Act of 2015,* Section 824 business process. For example, we added help pages and created notifications of earnings discrepancies. In September 2018, we implemented additional enhancements, such as creating alerts to notify employees that wage data indicates the need for a review. In FY 2019, we developed requirements, and awarded a contract to Equifax to build an information exchange for monthly wage and employment information from third-party payroll data providers. We developed a business process that would enable us to use the monthly earnings obtained from the payroll provider(s) to identify work CDRs. In FY 2020, we developed a timeline and we began planning and integration of the information exchange within our systems. We began development of the required technology in February 2020. The first release occurred in September 2020, and a second release is scheduled for the second quarter of FY 2021. Wage and employment information will not be requested by the vendor until the second release. We performed a clean-up process for authorizations and built the repository that will house the wage and employment information we will receive from the payroll data provider (PDP). We will continue the development of the information exchange and will begin exchanging data with the PDP in March 2021.

COMPUTATIONS

Description:

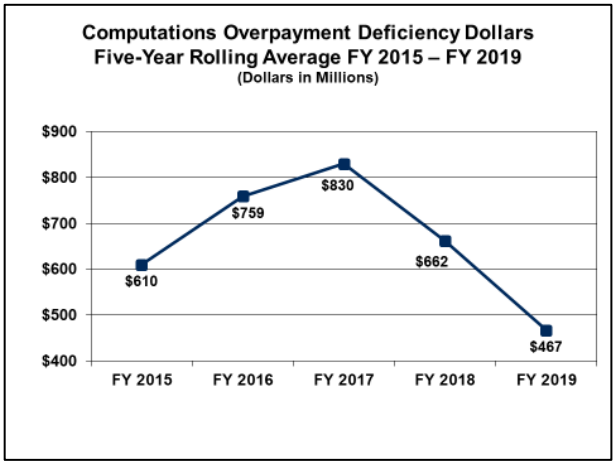
Errors in computations are a major cause of OASDI overpayments and underpayments. Our goal is to correct and prevent instances where a recipient or beneficiary has potential entitlement to, but is not receiving, a new or higher benefit.

We determine a person's benefit amount based on several factors, including age, earnings history, and the type of benefit awarded.

Inaccurate information and administrative mistakes can cause errors in calculating benefits. For FYs 2015–2019, approximately 60 percent of computation error dollars resulted in overpayments, with the leading causes being WEP, adjustment of the family maximum or FMAX,[5] and failure to apply the Retirement Insurance Benefit Limitation (RIB-LIM)[6] when applicable. WEP accounted for 36 percent of computation error dollars for the 5-year period, while FMAX and RIB-LIM, respectively, accounted for 13 percent and 8 percent of these error dollars.

Historical Figures:

Please note that year-to-year differences are not statistically significant.



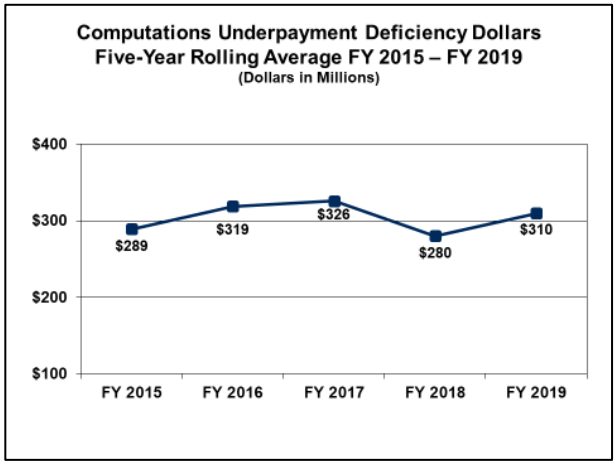


Table 2.3: Computations Deficiency Dollars FY 2015 – FY 2019 (Dollars in Millions)

	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
Overpayments	$610	$759	$830	$662	$467
Underpayments	$289	$319	$326	$280	$310

Corrective Actions - Increase Post-Entitlement Accuracy

Continued refresher training is critical in order to ensure post-entitlement actions are processed correctly; during FY 2019, we created national processing center (PC) quality refresher training packages for our technicians. In addition, we worked with various components to update frequently misinterpreted policy and procedural references

[5] An explanation of FMAX is available at: www.ssa.gov/OACT/COLA/familymax.html.
[6] RIB-LIM applies when a deceased beneficiary would have received a reduced retirement benefit. Under RIB-LIM, the maximum benefit for a surviving spouse or surviving divorced spouse is limited to the larger of 82.5 percent of the deceased beneficiary's death Primary Insurance Amount or the benefit amount that the deceased beneficiary would receive if he or she were still alive.

related to difficult or complex workloads. We will continue to update other frequently misinterpreted policies and procedures.

Through our IT modernization initiatives, we continue to pursue opportunities to reduce the PC backlog by streamlining and automating manual PC workloads. In FY 2020, we implemented two automation enhancements to reduce manual PC actions. In FY 2021, we will increase the number of PC technicians and institute workflow enhancements and quality initiatives to improve overall performance. We will continue to look for new opportunities to address simple tasks more quickly and implement PC automation initiatives that will eliminate duplicate work.

By addressing post-entitlement accuracy and identifying potential entitlements, we will reduce improper overpayments and underpayments.

Table 2.4 shows our actions to increase our post-entitlement accuracy. Post-entitlement accuracy errors correspond to the "Administrative or Process Error Made by: Federal Agency" category in Table 2.

Table 2.4: Increase Post-Entitlement Accuracy – Corrective Actions

Description	Target Completion	Status
Provide better descriptive definitions of the OASDI systems alert, exception, and processing limitation codes to give technicians more precise information on actions needed.	Ongoing	We completed planning and analysis in September 2016. We began updating problematic OASDI system alerts, exceptions, and processing limitation codes with better descriptive definitions in FY 2017. These updates continued through FY 2020 and will continue in FY 2021.
Review the most problematic overpayment cases completed in our Office of Disability Operations. Our objective is to determine the root causes of overpayment errors and provide recommendations to address improved processing.	Ongoing	This project is ongoing. We began a national PC overpayment study in April 2016. Based on our review of overpayments due to disability cessation or extended period of eligibility published in November 2017, we recommended national use of an automated worksheet that minimizes manual keying and the potential for errors. Based on our November 2018 report on overpayments due to annual retirement test permanent deductions, we recommended issuing reminders to technicians to improve processing. We published our review of FY 2018 disability overpayments in April 2019. We completed the 2019 review of disability overpayments in August 2019. We identified findings and provided recommendations in October 2019. We ended the FY 2020 review in May 2020 and provided accuracy and improper payment findings in September 2020. Recommendations for FY 2019 and FY 2020 included: • Given the complexity of the overpayment workload, assembling a workgroup whose sole purpose is to process and review overpayment cases, or train overpayment specialists. • Updating our policy for manual overpayment calculations. • In the long term, investing in enterprise automation to integrate functionality currently performed in multiple overpayment processing systems.

Description	Target Completion	Status
Audit Recommendation		
To help minimize improper payments, we agreed with an audit recommendation to prioritize identifying cases where we failed to terminate the disability payments following medical cessation determinations.	Completed	Since November 2015, we released approximately 33,500 cases to our front-line personnel for corrective action and cessation using manual and automated processes. Additionally, we received funding to create automated solutions for preventing errors from occurring in the future. In September 2019, we released the final phase of the project, which allows technicians to not only track and control medical CDRs at the appeal level, but also verify that the cases have ceased timely. This disability cessation workload continues to be a priority for the agency and automation efforts have resulted in an 80 percent decline in cases. We will continue to pursue automation enhancements and will release cases to the Regions on a semiannual basis.

Our studies also show that we sometimes overlook potential entitlements (i.e., entitlement to benefits other than the one an individual is applying for or receiving). In FY 2013, we established a dedicated workgroup and process for evaluating and addressing potential entitlement workloads. To date, we have:

- Initiated several outreach efforts dealing with vulnerable populations such as widows, veterans, the aged, and disabled children.
- Implemented systems changes for three projects dealing with widows, children, and the aged.
- Developed a community outreach plan to promote OASDI surviving parent's benefits.
- Completed analysis on projects involving potential entitlement situations for minor children, Medicare only beneficiaries, military service retirees, and disabled children.
- Selected projects to address in FY 2020. Please see the Corrective Actions in Table 2.5 for a complete list.

Table 2.5 shows our further actions to pursue potential entitlement workloads. Some corrective actions in the table will be implemented over more than one fiscal year. We will identify cases and develop a strategy to prevent recurrences. Payment errors related to potential entitlements correspond to the "Administrative or Process Error Made by: Federal Agency" category in Table 2.

Table 2.5: Potential Entitlements – Corrective Actions

Description	Target Completion	Status
Pursue potential entitlement workloads.	FY 2020	In FY 2020, key potential entitlement efforts included: • Conducted outreach to 3,576 workers who were previously denied retirement benefits due to lack of insured status, but are now insured. We mailed these notices in October 2019. We are currently evaluating results of this mailing. • Conducted outreach to 14,561 workers with Medicare Qualified Government Earnings who are eligible for retirement benefits or Medicare coverage but who are not receiving them. We mailed these notices in October 2019. We are currently evaluating results of this mailing. • Evaluated the results of 13,934 cases involving SSI recipients previously established or entitled on a parent's record who may be entitled to child disability benefits. The agency paid $4.2 million in underpayments to 9,208 child beneficiaries.
	FY 2021	In FY 2021, potential entitlement efforts will include: • Conducting initial analysis on SSI recipients with a potential month of eligibility that does not match the application effective date. This analysis has been postponed until FY 2021 due to competing coronavirus (COVID-19) pandemic-related workload priorities. • Conducting initial analysis on disabled beneficiaries who converted to retirement benefits at full retirement age and may be eligible for higher primary insurance amounts. This analysis has been postponed until FY 2021 due to competing COVID-19 pandemic related workload priorities. • Conducting initial analysis on individuals previously denied childhood disability benefits who are potentially entitled to benefits as minor children. This analysis has been postponed until FY 2021 due to COVID-19 pandemic related workload priorities. • Outreach to notify approximately 20,000 disabled beneficiaries who listed children on their benefit applications, but for which no application or closeout is present, that the children may be due benefits. • Initial analysis on individuals lawfully admitted for permanent residence (LAPR) with potential LAPR issues on the beneficiary's record, and some payment being withheld pending citizenship/lawful presence evaluation. • Initial analysis on cases awarded OASDI and SSI and adjudicated, but placed in suspense status and not paid. • Initial analysis on unreduced aged widow claims with retroactive aged wife entitlement.

MAJOR CAUSES AND CORRECTIVE ACTIONS FOR SSI IMPROPER PAYMENTS

Our greatest payment accuracy challenges occur within the SSI program. SSI is a means-tested program for individuals with limited income and resources who are blind, disabled, or aged. Administering the SSI program is complicated by the statutory requirement for us to determine SSI eligibility and calculate SSI payments on a monthly basis. We generally make SSI payments on the first day of the month for eligibility in that month. Many factors influence SSI payment accuracy. Even if a payment was correct when paid, subsequent changes in that month can affect the payment due, resulting in either an overpayment or underpayment. Thus, the program requirements themselves sometimes cause improper payments. Improper payments often occur if recipients (or their representative payees on their behalf) fail to timely report changes in any of their eligibility factors (e.g., an increase of their resources or a change in their wages). Failure to report changes is the primary cause of both overpayment and underpayment errors. We remain committed to simplifying the SSI program, and we are exploring ways to do this in an equitable manner.

Our stewardship findings over the last five years show that the major causes of overpayments in the SSI program have been errors or omissions in the following:

- Financial accounts (e.g., bank savings or checking accounts, or credit union accounts);
- Wages; and
- In-kind Support and Maintenance (ISM).

Over the last five years, the major causes of underpayments in the SSI program have been errors or omissions in the following:

- ISM;
- Living arrangements; and
- Wages.

Later in this section, we provide information on our corrective actions for living arrangements under the corrective action for ISM.

FINANCIAL ACCOUNTS

Description:

The leading cause of SSI overpayment errors is financial accounts with countable resources in excess of the allowable resource limits. When an applicant, recipient, or deemor has financial accounts with values exceeding the allowable resource limits, these accounts may result in periods of SSI ineligibility.

Historical Figures:

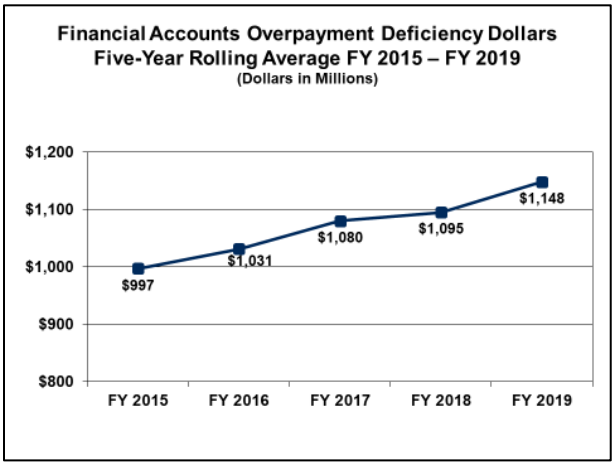


Table 2.6: Financial Accounts Overpayment Deficiency Dollars FY 2015 – FY 2019 (Dollars in Millions)

	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
Overpayments	$997	$1,031	$1,080	$1,095	$1,148

Corrective Actions:

We developed the Access to Financial Institutions (AFI) program to address overpayment errors related to resources in financial accounts. By law, a claimant, recipient, or deemor must give us permission to request his or her financial records from any financial institution as an eligibility requirement for SSI. Once we have a person's permission, we use the automated AFI process to verify his or her alleged bank accounts by contacting the financial institution. In addition to verifying alleged bank accounts, AFI detects undisclosed accounts by contacting up to 10 financial institutions within a certain distance of where the person lives. We use AFI to verify financial accounts during the SSI application process and during periodic redeterminations of continued eligibility, thereby detecting excess resources and deterring improper payment reoccurrence. The AFI initiative is also critical in detecting undisclosed financial accounts; however, we must continue to rely on SSI recipients to timely report when balances fluctuate and exceed the SSI resource limit, either as a single resource or in combination with other resources.

In a future release of our DMS modernization, we plan to implement two AFI systems enhancements that will improve our current process for initiating AFI and reducing improper payments.

Table 2.7 shows our actions to reduce errors related to financial accounts. Payment errors related to financial accounts correspond to the "Inability to Authenticate Eligibility: Inability to Access Data" and "Failure to Verify: Financial Data" categories in Table 2.

Table 2.7: Financial Accounts – Corrective Actions

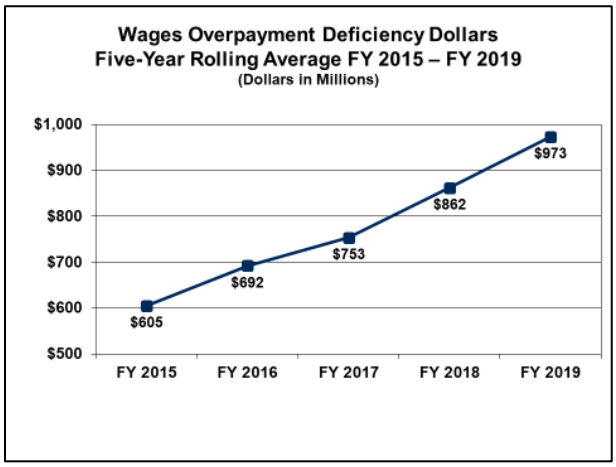
Description	Target Completion	Status
Implement two AFI systems enhancements that will improve our current process for initiating AFI and reducing improper payments.	FY 2022 through FY 2023	We will implement the following key AFI systems enhancements: • Enhance ability to view attachments from financial institutions; scheduled for development in FYs 2022–2023. • Automate splitting of co-owned bank account balances; scheduled for development in FYs 2022–2023.
Electronically collect an individual's AFI authorization for waiver determinations.	FY 2023	As part of the modernized DMS, we plan to automate the request and electronically store the individual's authorization and automate the request. We will electronically store financial information on the appropriate screen so that the system can calculate the data.

WAGES

Description:

For more than a decade, wage discrepancies have been one of the leading causes of SSI overpayments and underpayments. Wage discrepancies occur when the recipient or his or her deemor has actual wages that differ from the wage amount used to calculate the SSI payment.

Historical Figures:



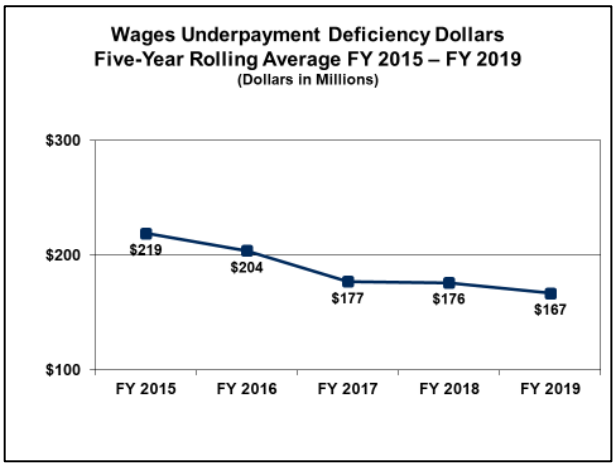


Table 2.8: Wages Deficiency Dollars
FY 2015 – FY 2019
(Dollars in Millions)

	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
Overpayments	$605	$692	$753	$862	$973
Underpayments	$219	$204	$177	$176	$167

Corrective Actions:

We rely on individuals to self-report wages to us on time. However, we know that they may fail to report or not report wages in time to prevent an improper payment. Section 824 of the *Bipartisan Budget Act of 2015* gives us the authority to conduct information exchanges with payroll providers to obtain accurate, up-to-date, and relevant wage information to help determine SSI eligibility and to help prevent improper payments. Please see Table 2.9 for more information about the implementation of Section 824 of the *Bipartisan Budget Act of 2015*.

We developed several communication initiatives to encourage recipients to report events that can affect eligibility or payment amounts, such as changes in living arrangements, and to make it easier for them to comply with reporting requirements. For example, we created a business card that contains information on reporting requirements that field office staff give recipients during claim and redetermination interviews. Recipients can keep this card for future use when reporting wages to us. We inform SSI recipients, and representative payees about reporting responsibilities by various methods. We notify them during interviews, with application and redetermination forms and some award and post-eligibility notices, in benefit check envelope enclosures, and in a booklet that accompanies award notices. Our annual Cost of Living Adjustment notices include reminders about reporting changes that could affect benefit payments and eligibility. We will enhance our notices to include more consistent and clear language on reporting responsibilities and penalties for SSI recipients.

In FY 2020, we created an online training video, available for public use. When our field offices reopen, we will also display the video on the digital signage in our field office reception areas to inform the public about reporting resources and wages timely.

Other examples of our corrective actions to address the root causes of wage-related errors include options for recipients (or representative payee on their behalf) or their deemors to report their wages via telephone or a mobile application. Since October 2013, certain recipients, representative payees, and deemors have been able to use these automated reporting tools to report the preceding month's wages at any time in the current month.

- Supplemental Security Income Telephone Wage Reporting (SSITWR)

  SSITWR allows recipients, representative payees, and deemors to report the prior month's gross wages via an automated telephone system. SSITWR ensures we post the wage amounts to the individual's record timely from the date we received the reported wages.

- Supplemental Security Income Mobile Wage Reporting Application

  In 2013, we rolled out an initiative allowing certain SSI recipients, representative payees, and deemors to use their smartphone or other personal electronic device to report the prior month's gross wages, using an application they can download at no cost from the Google Play and Apple App stores.

- Automated Reminder

  In September 2013, we implemented an automated SSI wage reporting reminder. Individuals can voluntarily sign up to receive a monthly email or text message reminder to report wages for the prior month.

- myWageReport

  In September 2017, we released the myWR online application, which allows DI beneficiaries and representative payees to report wages to us and provides a receipt for the report that the reporter can view, print, and save. DI self-reporters and their representative payees can report wages that occurred within a two-year timeframe from the reporting date. In June 2018, we added functionality to myWR that allows SSI and concurrent (SSI and DI) wage reporting. SSI recipients, their representative payees, and deemors have a convenient option to report the preceding month's wages electronically. Wage receipts generated by myWR are stored in the Online Retrieval System, which provides online retrieval of our notices and other documents. In an effort to increase use of the myWR application, we will continue to promote the online service to beneficiaries, representative payees, and advocacy groups.

  In FY 2019, users successfully submitted over 99,000 myWR transactions. In addition, we developed requirements, conducted market research, and awarded a contract to a payroll data provider, which allowed us to collect over 14 million consent authorizations from applicants, beneficiaries, and recipients.

  In FY 2021, we plan to increase the number of wage reports we process using all SSI wage-reporting options. In FYs 2021 and 2022, we plan to expand on our management information capabilities by gathering more data for accurate and timely insight to measure the efficacy and future business needs of myWR.

  For more information on myWageReport, please see Table 2.2: SGA - Corrective Actions.

We continue to increase the number of successful wage reports received through our automated SSI wage reporting systems. In FY 2020, we processed approximately 259,350 Telephone Wage reports, which is a decrease of approximately 16 percent compared to the number in FY 2019. Additionally, in FY 2020, we processed over 1,032,800 successful SSI Mobile Wage reports, which is an increase of nearly 9 percent over the number in FY 2019.

Table 2.9 shows our actions to reduce errors related to wages. Payment errors related to wages correspond to the "Inability to Authenticate Eligibility: Inability to Access Data" category in Table 2.

Table 2.9: Wages – Corrective Actions

Description	Target Completion	Status
Provide an additional option for reporting earnings using authority from Section 826 of the *Bipartisan Budget Act of 2015*.	Completed June 2018	In June 2018, we gave SSI recipients, representative payees, and deemors the option of reporting their wages electronically to encourage timely reporting. Receiving timely wage reports will help reduce wage-related improper payments.

Description	Target Completion	Status
We completed the following enhancements to the myWR online application: Overlapping pay period messaging; wage table sorting; ability to save and print receipts from the Message Center; and implementation of Dynamic Help.	Completed December 2018	We implemented the following features in December 2018: • Overlapping pay period messaging: When the user enters two or more paystubs with overlapping pay periods, the user is asked to verify if the paystubs are correct. • Wage table sorting: Sorts paystubs and displays them in chronological order. • Ability to save receipt to the Message Center: Users now have the ability to save, print, or delete receipts in the Message Center. • Dynamic Help: *my* Social Security account holders who have access to myWR, have the ability to request assistance from a help widget.
We completed the following enhancements to the myWR online application: Implementation of Social Security number (SSN) to Beneficiary Notice Control (BNC) number conversion for myWR receipts and the paystub confirmation feature.	Completed March 2019	We implemented the following features in March 2019: • Displaying a BNC number in place of an SSN on myWR receipts. • Paystub confirmation feature: The user receives an alert message when the frequency of pay and the number of paystubs entered do not match. The alert message asks the user to verify the number of paystubs submitted.
Implementation of navigation path changes in support of Internet Representative Payee Portal (IRPP).	Completed September 2019 Completed FY 2020	We implemented the following enhancements in September 2019: • Enabled myWR to be accessible to users via the new IRPP. • Separated the Self-Reporter and Representative Payee reporting path within *my* Social Security. • Provided screens with specific language for Representative Payees reporting wages to display in the application's path. In April 2020, we further expanded and enhanced the IRPP by allowing individual representative payees the ability to view and print benefit verification letters for beneficiaries they represent, and the capability to view, print, or request a mailed copy of a replacement 1099 or 1042 tax form on behalf of their beneficiaries.

Description	Target Completion	Status
Section 824 of the *Bipartisan Budget Act of 2015* authorizes the Commissioner to establish information exchanges with payroll data providers to obtain wage data to administer the DI and SSI programs and to prevent improper payments. DI and SSI applicants and beneficiaries who give us their authorization to obtain wage information through such an exchange will be exempt from certain statutory penalties for any omission or error in the wages provided by the payroll data provider.	TBD	For more information on Section 824 of the *Bipartisan Budget Act of 2015*, please see Table 2.2, Legislation section.

IN-KIND SUPPORT AND MAINTENANCE

Description:

The basis for charging ISM is found in Section 1612(a)(2)(A) of the *Social Security Act*.[7] It requires us to count any ISM received when determining eligibility for SSI and the amount of monthly benefits. ISM can be in the form of food, shelter, or both from family, friends, or other third-party sources. Further, the law requires us to reduce an individual's benefit amount by one-third when he or she is living in another person's household and receiving support and maintenance, which for our purposes is food and shelter.

Determining whether an individual receives ISM requires claimants and recipients to report changes in their living arrangements in a timely manner and answer detailed questions about whom they live with, what their household expenses are, how they divide those expenses among household members, and what help they receive from outside of the household.

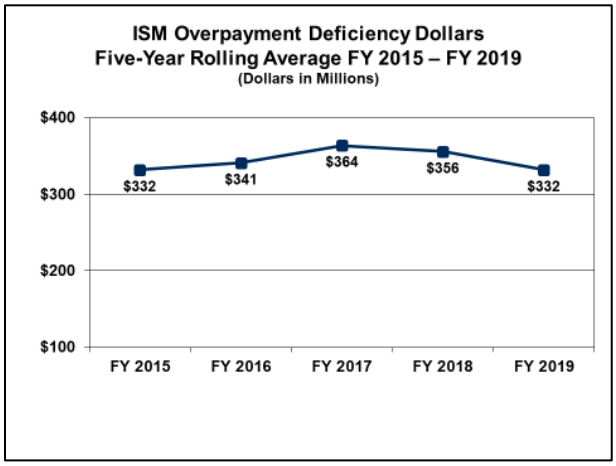
Every time we process an application for SSI benefits, redetermine eligibility for SSI benefits, or receive a change of address report, and the recipient alleges a living arrangement change, we need to develop for and possibly recalculate ISM.

In certain situations, our development may be retroactive up to a period of two years depending on the redetermination review period. We must develop for the possibility of ISM from the first change in living arrangement reported by the recipient to the present living arrangement. In addition, if a recipient reports a change in living arrangement and we discover a prior unreported living arrangement change, we must develop and possibly recalculate ISM from the first reported change in living arrangement to the present living arrangement. These situations, along with the lack of reports of livings arrangements by claimants and recipients, may create overpayments and underpayments.

We ask questions to help us determine if claimants or recipients are paying their share of the household expenses. If they are not paying their fair share, we generally count the difference between the fair share amount and the actual contribution as income to the claimant in the form of ISM.

[7] Section 1612(a)(2)(A) of the Social Security Act is available at: www.ssa.gov/OP_Home/ssact/title16b/1612.htm.

Historical Figures:



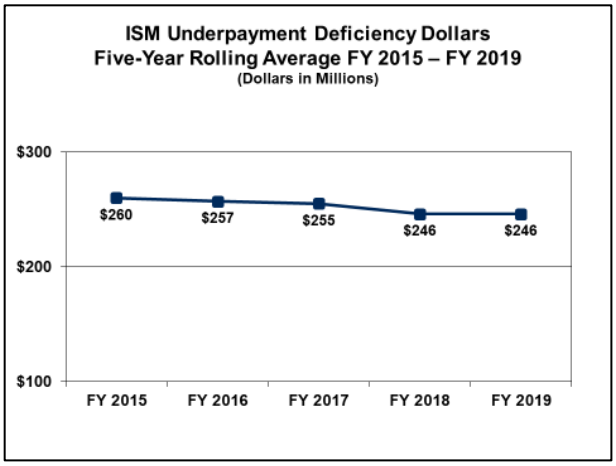


Table 2.10: ISM Deficiency Dollars FY 2015 – FY 2019 (Dollars in Millions)

	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
Overpayments	$332	$341	$364	$356	$332
Underpayments	$260	$257	$255	$246	$246

Corrective Actions:

Table 2.11 shows our actions to reduce errors stemming from ISM. Payment errors stemming from ISM correspond to the "Inability to Authenticate Eligibility: Data Needed Does Not Exist," "Failure to Verify: Other Eligibility Data," and the "Administrative or Process Error Made By: Federal Agency" categories in Table 2.

Table 2.11: ISM – Corrective Actions

Description	Target Completion	Status
Statutory, Regulatory, Policy and Procedure Review		
We frequently review our ISM-related operating instructions and related statutes and regulations to try to simplify our processes.	Ongoing	Based on our reviews, we issue periodic reminders and policy clarifications, as needed. We will continue to work with Congress and other stakeholders to identify possible statutory/regulatory/policy changes.
Legislative Proposal		
Currently, SSI recipients can receive lower benefits if they are earning, or otherwise receiving, income. This includes non-cash income, such as assistance by a roommate or family member in paying the recipient's share of the household expenses such as food and shelter. This type of income is called ISM and is difficult to accurately value, because it can fluctuate each month as household expenses and composition and the type of assistance provided may change. The FY 2021 President's Budget includes a proposal that would replace ISM with a flat-rate benefit reduction for adults living with other adults (but will not affect a married couple where both individuals are eligible for SSI). This proposal would make two additional changes to simplify the program and reduce the burden on recipients and representative payees. It would eliminate the holding out policy, which requires our agency to ask invasive questions to determine whether two unrelated adults who live together, and are not married, are holding themselves out to their community as being married. It would also eliminate the dedicated account policy, which requires representative payees to open separate accounts to receive SSI underpayments and limits use of the funds. These requirements confuse representative payees, who are often parents of recipients, and restrict their ability to decide which expenditures are in the best interests of their disabled children.	Pending	No congressional action to date.

Other Major Causes and Corrective Actions in the OASDI and SSI Programs

The following key initiatives enhance our program integrity efforts.

Windfall Elimination Provision and Government Pension Offset

Description:

WEP and GPO are benefit reductions/offsets that apply to Social Security benefits of those individuals who worked in non-covered employment (i.e., did not pay Social Security taxes on their earnings) and who receive a pension based on those non-covered earnings. The majority of these non-covered workers are in Federal, State, or local government service.

In total, WEP and GPO errors lead to a large dollar value of improper payments, which are mainly due to the lack of:

- Accurate data to administer the WEP and GPO provisions;
- Automation to minimize human error and ensure timely action in response to existing alerts;
- Understanding among agency technicians of how to compute the WEP and GPO and apply the exceptions to them; and
- Understanding among agency technicians of how non-covered pensions work (e.g., whether the payments are recurring or issued in a lump sum or whether there may be a cost-of-living adjustment, which is key to correctly administering the WEP and GPO provisions).

We have a multi-pronged approach to address each of the underlying causes of improper payments:

- Enhance automation;
- Pursue new data;
- Clarify policy instructions; and
- Enhance training specific to the more common WEP and GPO errors.

We formed a cross-agency work group to:

1. Review all Office of the Inspector General (OIG) and internal studies over the past five years to compile a comprehensive list of recommended changes in WEP and GPO implementation;
2. Assess the root causes of improper payments based on these changes; and
3. Develop policy, data, systems, or training solutions in line with each of the root causes of improper payments.

Table 2.12 shows our actions to reduce errors related to WEP and GPO. Payment errors related to WEP and GPO correspond to the "Failure to Verify: Other Eligibility Data" category in Table 2.

Table 2.12: Windfall Elimination Provision and Government Pension Offset – Corrective Actions

Description	Target Completion	Status
Enhanced Automation	Completed FY 2018	We successfully implemented all enhancements in FY 2017 and FY 2018 to reduce human error and encourage accurate self-reporting, including: annual technician alerts during the application process that will notify staff when WEP or GPO may be involved in dual entitlement cases; automated the calculation of a lump sum payment into a monthly amount; a process to help identify the existence of non-covered earnings to improve pension development; and the ability to identify a foreign pension.
	FY 2021	In February 2020, we began studying the effectiveness of our initiatives to reduce improper payments in WEP and GPO dual entitlement cases. We anticipate completing this analysis by November 2020.
Pursuit of New Data	FY 2021	We have been in ongoing discussions with the Department of the Treasury's (Treasury) Internal Revenue Service to obtain non-covered pension information. In addition, we have a legislative proposal for the FY 2021 President's Budget that improves reporting for non-covered pensions. Please refer to the Barriers section of this *Payment Integrity* report for more information regarding this legislative proposal.

DATA EXCHANGES

We developed a strategic initiative focused on making further use of data exchanges with outside sources to improve program administration and prevent improper payments.

Description:

Our objective is to continue current computer matching agreements (CMA) that yield a positive cost benefit analysis, expand effective CMAs to meet additional program needs, research current programs, work with internal stakeholders to identify data exchange needs, and pursue new data exchanges with potential partners.

Currently, we conduct 24 CMAs with various Federal partners to obtain data related to benefit payment, wages, unemployment, fugitive felon identification, savings securities, workers' compensation, residency information, and nursing facility admissions data that we use to determine eligibility and offset benefits for our programs. The total annual savings attributed to these CMAs is approximately $7.9 billion, with an annual cost of approximately $355 million yielding a positive benefit-to-cost ratio of about 22 to 1.

Table 2.13 shows our efforts to pursue additional data exchanges to improve our OASDI and SSI improper payment identification and prevention efforts.

Table 2.13: Data Exchanges – Corrective Actions

Description	Target Completion	Status
Establish a data exchange agreement with the Department of Homeland Security (DHS) to obtain information necessary to identify when SSI recipients and OASDI beneficiaries are out of the country. SSI recipients are ineligible for payments if they are out of the country 30 or more consecutive days or for an entire calendar month. Generally, U.S. citizens can receive OASDI benefits outside the country, while non-citizens may be subject to additional residency requirements.	Completed FY 2019	We conducted a pilot study comparing travel data in the DHS Arrival and Departure Information System (ADIS) to travel data on SSI records for a random sample of SSI non-citizens who traveled outside of the United States for 30 consecutive days or more. Results showed positive program savings with an estimated $45 million in potential detectable or preventable SSI overpayments over a 25-month period if we had access to citizen and non-citizen travel data. We developed the Foreign Travel Data (FTD) application within the SSI Claims System to interface with DHS's ADIS to obtain foreign travel information on non-citizen SSI recipients. The implementation of FTD and integration of ADIS data is a multi-year project spanning FY 2019 through FY 2021, as resources permit. In May 2019, we executed a Memorandum of Agreement with DHS, under which we obtain foreign travel data on non-citizen SSI recipients. In June 2019, we released the first phase of functionality that allows field office staff to query ADIS (via the FTD application) when completing redeterminations for non-U.S. citizen SSI recipients. In September 2019, we released an edit message to prompt technicians to perform an FTD query in the SSI Claims System path when completing redeterminations on non-U.S. citizens.
	Completed FY 2020	We collect and analyze the data to determine the reliability of travel information and how much money is being saved by obtaining ADIS data. Beginning February 2020, DHS made prospective data on foreign travel for U.S. citizens available and is working to include historical data. When sufficient historical data becomes available, and we return to full operation after the limitations imposed by the COVID-19 pandemic, we will study the feasibility of expanding the use of the FTD application to include U.S. citizen SSI recipients. Specifically, we will evaluate whether a high probability of matching exists for citizen data queried in ADIS. Additionally, we want to evaluate the level of effort in confirming the travel data when ADIS returns multiple identity matches.
	FY 2021	We have re-prioritized some of our FY 2020 initiatives for FY 2021 and hope to complete the planning and analysis for the following initiatives: • Develop the capability to store data. • Automate decisions on accepting, rejecting, or deciding later on the ADIS results. • Develop a CMA with DHS. • Enhance management information. In FY 2021, we will continue to pursue new data exchange partners from government and private sectors.

Other Real Property

Description:

SSI ineligibility may result if a recipient owns real property (generally land and the building, such as a house, on the land) other than his or her principal place of residence (referred to as "non-home real property"), and the current equity value exceeds the resource limit. Undisclosed non-home real property is a leading cause of improper overpayments in the SSI program. For the 5-year period from FY 2015–2019, our FY 2019 stewardship review

identified non-home real property as the fifth leading cause of SSI overpayments, with average projected improper payments of $266 million in SSI overpayments. We currently rely on the applicant or recipient to report ownership of non-home real property. Our corrective actions, discussed in this section, require our technicians (when processing SSI claims and high-error redeterminations) to identify undisclosed property owned by the claimant, recipient, or deemor.

Historical Figures:

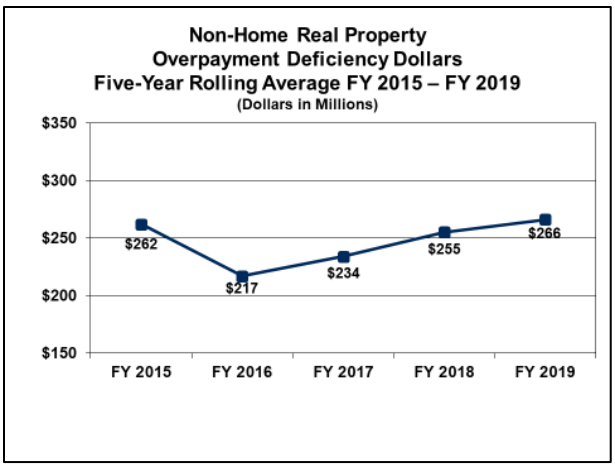


Table 2.14: Non-Home Real Property Overpayment Deficiency Dollars FY 2015 – FY 2019 (Dollars in Millions)

	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
Overpayments	$262	$217	$234	$255	$266

Corrective Actions:

Real property ownership information is available publicly for all 50 States through commercial data providers (e.g., *LexisNexis/Accurint*). To test the value of using a commercial provider to identify undisclosed real property, we studied the use of *LexisNexis/Accurint* in SSI claims and high-error redeterminations. This study indicated that the use of this data could reduce SSI overpayments associated with the ownership of undisclosed property by SSI claimants and recipients. By the start of FY 2018, we had implemented a nationwide process of integrating third-party, real property with the SSI Claims System as a lead for further development.

Table 2.15 shows our actions to reduce errors related to non-home real property. Payment errors related to non-home real property correspond to the "Inability to Authenticate Eligibility: Inability to Access Data" and "Failure to Verify: Financial Data" categories in Table 2.

Table 2.15: Other Real Property – Corrective Actions

Description	Target Completion	Status
Fully integrate third-party, non-home real property data with the SSI Claims System for mandatory use during initial claims, initial claim appeal reversals, denied claim reopenings, and high-error redetermination interviews and optional use during other open claim events.	Completed FY 2017 Completed FY 2018	In September 2017, we fully implemented the process nationwide for initial claims and high-error redeterminations interviews. In August 2018, we fully implemented the process nationwide for initial claim appeal reversals and denied claim reopenings.
Apply a process for receiving real property information and integrate that with the SSI Claims System.	Completed FY 2018 Completed FY 2020	We are using commercial records on real property ownership to determine if an individual owns non-home real property that may count as an excess resource. Receiving timely real property ownership data will help reduce non-home real property-related overpayments. The Office of the Chief Actuary estimated the present value of the reduction in federal SSI payments attributable to NHRP searches completed in FY 2018 over the entire period of effect is $155 million. In addition, the return on investment of completed non-home real property matches in FY 2018 is estimated to be $19 on average per $1 spent.

Prisoner Information

We completed two of our three initiatives to reduce improper payments in the prisoner suspension area. First, because of our efforts in FY 2019 to reemphasize the prisoner program suspension and reinstatement requirements to our technicians, we suspended monthly benefits to over 32,500 OASDI beneficiaries and more than 79,600 SSI recipients. Second, our monitoring process tracks and controls the return of incorrectly paid incentive payments from overpaid correctional institutions. When we identify incorrectly paid incentive payments, we recoup the payment and return it to our combined OASDI Trust Funds and General Fund of the Treasury. We are beginning to implement our third initiative to capture inmate population files from the largest State correctional institutions. We have also revised our prisoner reporting agreements. Our regional offices are now negotiating State reporting agreements with our State correctional institutions. Our new reporting agreements request that State correctional institutions provide census files to capture State correctional inmate population reports. Obtaining this inmate data will help us determine if we are receiving complete prisoner information from our participating State and local correctional reporters.

Prisoner information errors correspond to the "Failure to Verify: Prisoner Data" category in Table 2.

Marital Status Information

Currently, we rely on OASDI beneficiaries and SSI recipients to self-report marriages and divorces because these events can be material to their entitlement to benefits. When beneficiaries fail to report a marriage or divorce timely, improper payments can occur. Marriage and divorce data from the States is among our long-term data exchange strategies to help us reduce improper payments in the OASDI and SSI programs due to unreported or untimely reported marriage and divorce events. We will pursue this project as resources become available.

Marital status information errors correspond to the "Inability to Authenticate Eligibility: Inability to Access Data" categories in Table 2.

Major Causes and Corrective Actions for Improper Administrative Payments

The major causes of improper administrative payments (overpayments and underpayments) include:

- Incorrect amounts paid (including duplicate payments) for vendor payments and employee reimbursements;
- Health benefit debts due to insufficient employee pay (e.g., in a non-pay status); and
- Employee salary overpayment due to processing retroactive timesheet corrections and personnel actions.

Corrective actions include:

- The majority of the incorrect amounts paid in FY 2019 (for vendor and travel payments) were due to a lone error where a single invoice was submitted and processed twice. The second submission of the invoice contained a different invoice number and was approved by an alternate Contracting Officer Representative, preventing us from more rapidly identifying the invoice as a duplicate. We identified and recovered this overpayment within one month of the incorrect payment. To prevent similar occurrences, we reviewed our internal procedures, notified the appropriate personnel involved in the improper payments, and determined that existing internal controls are adequate.
- Health benefit debts are a major cause of payroll and benefits improper payments. These debts automatically occur when an employee, who has health benefits coverage, is in a non-pay status for the entire pay period or if there are insufficient funds to make the current pay period deduction. The employee becomes indebted to the agency because we paid both the employee and agency's share.
- Retroactive timesheet corrections and personnel actions are another major cause of payroll and benefits improper payments. Timesheets sometimes need to be adjusted retroactively due to normal business processes, such as early closeouts (e.g., an employee is paid based on estimated hours of work, but the employee then requests to change leave without pay to paid leave or advanced leave to leave without pay), late approval of overtime or compensatory time requests, and other appropriate reasons for retroactive changes.
- Personnel actions are sometimes delayed and actions must be backdated. Retroactive timesheet corrections and personnel actions also sometimes occur due to coding errors. In those cases, we provide additional training for appropriate personnel, and review internal controls to ensure they are adequate.

  For timesheet and personnel action corrections, we recalculate the employee's record for the earliest pay period affected for actions that occurred within the last 52 pay periods. A negative result indicates that the employee was overpaid, and the system automatically creates a debt. An action that exceeds 52 pay periods cannot be processed through the electronic system; therefore, we must enter the debt manually.

  To comply with OMB Circular No. A-123, Appendix C, recognizing the major causes of payroll and benefits improper payments, we continue to:

  - Train staff on time and attendance policy and procedures;
  - Audit systems access and remove any users who no longer need access;
  - Use data querying tools;
  - Review systems to identify possible causes of improper payments; and
  - Determine the overall susceptibility of the payroll process to producing improper payments.

We performed administrative fraud risk assessments to actively measure the effectiveness of the internal controls over the processing of payroll. This assessment found that our payroll management-related risks fall well below the OMB threshold.

Please note that for government-wide reporting purposes, we treat our FY 2019 findings as FY 2020 data. We will not have FY 2020 data until January 2021. We will report our findings from the FY 2020 reviews in next year's *Payment Integrity* report.

Reduction Targets

Table 3 presents our accuracy targets for FYs 2020 and 2021 for the OASDI program. In the OASDI program, our goal is to maintain a 99.8 percent payment accuracy rate.

Table 3: OASDI Improper Payments Reduction Outlook
FY 2020 – FY 2021
(Dollars in Millions)

	FY 2020		FY 2021	
OASDI	**Dollars**	**Rate**	**Dollars**	**Rate**
Total Projected Benefit Payments	$1,085,731.02		$1,145,559.69	
Underpayments Target	$2,171.46	≤0.20%	$2,291.12	≤0.20%
Overpayments Target	$2,171.46	≤0.20%	$2,291.12	≤0.20%

Notes:

1. Total projected OASDI benefit payments for FYs 2020–2021 are estimates consistent with projections for the FY 2021 President's Budget.
2. FY 2020 data will not be available until summer 2021; therefore, the rates shown for FY 2020 are targets.
3. We do not have separate OASI and DI targets; therefore, we present a combined OASI and DI target.

Table 3.1 presents our target accuracy goals for FYs 2020 and 2021 for the SSI program.

Table 3.1: SSI Improper Payments Reduction Outlook
FY 2020 – FY 2021
(Dollars in Millions)

	FY 2020		FY 2021	
SSI	**Dollars**	**Rate**	**Dollars**	**Rate**
Total Projected Federally Administered Payments	$59,126.60		$60,190.59	
Underpayments Target	$709.52	≤1.20%	$722.29	≤1.20%
Overpayments Target	$3,547.60	≤6.00%	$3,611.44	≤6.00%

Notes:

1. Total projected federally administered SSI payments for FYs 2020–2021 are estimates consistent with projections for the FY 2021 President's Budget, adjusted to be presented on a constant 12-month per year payment basis.
2. FY 2020 data will not be available until summer 2021; therefore, the rates shown for FY 2020 are targets.

RECAPTURE OF IMPROPER PAYMENTS REPORTING

INFORMATION ON PAYMENT RECAPTURE AUDIT PROGRAM

In this section, we discuss how we meet the payment recapture audit requirements of PIIA for our OASDI and SSI programs and administrative payments.

PAYMENT RECAPTURE AUDIT REPORTING

OMB Circular No. A-136 requires agencies that have programs or activities that are susceptible to significant improper payments to report about their payment recapture audit activities. However, we are unable to segregate our improper payments from our total overpayment aggregate for our OASDI and SSI benefit payments since some overpayments are not improper according to the definition of improper payments in PIIA. Certain overpayments are unavoidable and not improper if statute, regulation, or court order requires these payments (such as continued payments required by due process procedures). Table 4 shows our OASDI and SSI overpayment experience, inclusive of improper payments.

In addition, some overpayments are uncollectable. We may compromise, suspend, or terminate collection activity in accordance with the authority granted by the U.S. Code and the Federal Claims Collection Standards based on the following criteria:

- The cost of collection does not justify the enforced collection of the full amount;
- The debtor is unable to repay the debt considering age and health, present and potential income, and availability of assets;
- The debt has been discharged in bankruptcy; or
- The debtor has requested a waiver or review of the debt and the agency determines that such request is credible.

PROGRAM RECOVERY TARGETS

OMB guidance requires that agencies establish annual targets for their payment recapture audit programs that will drive their annual performance. The targets represent the rate of recovery (i.e., amount of improper overpayments recovered divided by the amount of improper overpayments identified). As shown in Table 4, we determine our payment recapture recovery targets for benefit payments for FY 2021 and FY 2022 based on our FY 2020 experience. Certain uncontrollable factors affect our payment recapture recovery targets. For example, the state of the economy affects the availability of employment. We generally experience greater collections from our external debt collection tools when employment is abundant and former OASDI beneficiaries and SSI recipients are working.

Table 4 shows our results from our payment accuracy reviews for our OASDI and SSI programs and administrative payments.

Table 4: Overpayment Payment Recaptures with and without Recapture Audit Programs

(Dollars in Millions)

Overpayments Recaptured through Payment Recapture Audits					
Program or Activity	Benefits		Other		Total
	OASDI	SSI	Payroll and Benefits	Vendor and Travel	
Amount Identified (FY 2020)	$10,611.94	$14,335.06	$3.98	$0.47	$24,951.46
Amount Recaptured (FY 2020)	$2,419.94	$1,389.54	$2.62	$0.44	$3,812.54
FY 2020 Recapture Rate	22.8%	9.7%	65.8%	93.6%	15.3%
FY 2021 Recapture Rate Target	23.0%	10.2%	100%	100%	15.7%
FY 2022 Recapture Rate Target	21.1%	9.5%	100%	100%	14.4%

Overpayments Recaptured outside of Payment Recapture Audits					
Program or Activity	Benefits		Other		Total
	OASDI	SSI	Payroll and Benefits	Vendor and Travel	
Amounts Identified (FY 2020)	$0.00	$0.00	We do not have separate totals for payroll and benefits or vendor and travel. See Total column.	We do not have separate totals for payroll and benefits or vendor and travel. See Total column.	$2.39
Amounts Recaptured (FY 2020)	$0.00	$0.00	We do not have separate totals for payroll and benefits or vendor and travel. See Total column.	We do not have separate totals for payroll and benefits or vendor and travel. See Total column.	$1.44

Notes:

1. This table comprises all identified and recovered benefit program overpayments from our benefit payment recapture audit program for the specified fiscal year. Overpayments identified or recovered in a specified year include debt established in prior years. We do not recapture benefit overpayments outside of our payment recapture audits for benefit payments.
2. The Amounts Identified for benefit payments are debt available for recovery in FY 2020. These amounts include debts identified in previous fiscal years that were not recovered or were determined to be uncollectible.
3. The Amounts Recaptured for benefit payments are FY 2020 recoveries from debt we had available for recovery in FY 2020, which include debts identified in prior years.
4. We do not consider every overpayment improper according to the definition contained in PIIA.
5. We based the recapture rate target for benefit payments on FY 2020 and prior years' experience and the anticipated growth of our benefit payments in FY 2021 and FY 2022.
6. This table comprises all identified and recovered administrative overpayments from our internal payment recapture audit program for administrative payments. We include these administrative payments under the table heading titled, "Other."
7. Totals for Amount Identified (FY 2020) and Amount Recaptured (FY 2020) for administrative payments are from our internal payment recapture audit in FY 2019. Overpayments identified or recaptured in FY 2019 include debt established in prior years.
8. For the overpayments recaptured outside of payment recapture audits, the totals are derived from multiple sources and mainly include identified and recovered administrative overpayments from sources other than our payment accuracy reviews for payroll and benefits payments, which we discuss in the Recapture of Improper Payments Reporting section of this *Payment Integrity* report. We do not have separated totals for payroll and benefits or vendor and travel.
9. The payroll and benefits amounts include overpayments from current and separated employees. The amounts for current employees include overpayments that we identified in FY 2019 but could have occurred in a prior year.
10. There may be slight variances in the dollar amounts and percentages reported due to rounding of source data. We derive dollar amounts and percentages from unrounded source data.
11. We return all amounts recaptured to the original appropriation from which the payment originated.

BENEFIT PAYMENTS

PAYMENT RECAPTURE AUDIT PROGRAM

For our OASDI and SSI benefit payments, we meet the payment recapture audit requirements of PIIA through existing program integrity efforts. We have a multi-pronged approach to conducting payment recapture audits for our OASDI and SSI programs. Our employees follow an internal review process to determine OASDI and SSI payment accuracy. We perform stewardship reviews, which measure the accuracy of payments to beneficiaries and recipients. Each month, specialists with extensive expertise in our benefit programs and business processes conduct our stewardship reviews, which measure the accuracy of payments to beneficiaries and recipients. These employees review a sample of OASDI and SSI cases to determine payment accuracy rates. For each sample case, we interview the beneficiary or representative payee, contact third parties as needed, and redevelop all non-medical factors of eligibility and payment amount for the review period. We use these data to identify payment accuracy, as well as our strengths and weaknesses, which allows us to target our resources to take corrective actions yielding the highest return on investment.

In our field offices, PCs, and State DDSs, employees conduct reviews for ongoing eligibility. Medical CDRs are periodic reevaluations to determine if beneficiaries still meet our definition of disability. SSI redeterminations are periodic reviews of non-medical factors of eligibility, such as income and resources. Our statistical predictive models help us prioritize the medical CDRs and redeterminations we work annually. We first complete those medical CDRs and redeterminations that will likely result in a termination of benefits or the recovered amount of an overpayment, respectively. Please see the section of this *Payment Integrity* report titled, Agency Information Systems and Other Infrastructure, Human Capital, for information on savings.

CDRs and SSI redeterminations are our most effective payment recapture program integrity activities because they identify cases where we should discontinue benefit payments. We receive dedicated funding to conduct CDRs and redeterminations.

ADMINISTRATIVE PAYMENTS

INTERNAL PAYMENT RECAPTURE AUDIT PROGRAM

As shown in Table 4.1, we segment administrative payments into several categories to analyze and determine the vulnerability of these outlays to improper payments.

Table 4.1: FY 2019 Administrative Expenses[1]
(Dollars in Millions)

Payroll and Benefits	$7,171
State DDS	$1,886
***American Recovery and Reinvestment Act* (ARRA)[2]**	$2
Other Administrative Expenses[3]	$3,939
Total Administrative Expenses	$12,998

Notes:

1. Total may not necessarily equal the sum of rounded components. We derive dollar amounts from unrounded source data.
2. ARRA expenses consist of National Support Center building costs only.
3. Other Administrative Expenses includes vendor, travel, transportation, rents, communications and utilities, printing and reproduction, other services, supplies and materials, equipment, land and structure, grants, subsidies and contributions, information technology systems, OASI and DI Trust Fund operations, other dedicated accounts, other reimbursable accounts, interest and dividends, and insurance claims and indemnities.

We conduct annual payment accuracy reviews as part of our payment recapture audit program. Results from the audit program and quality review process continue to confirm that our administrative payments are well below the OMB threshold for reporting improper payments.

In the paragraphs below, we indicate the categories from Table 4.1 or payment types within a category that we did not review because it was not cost effective. As required by OMB Circular No. A-136, we notified OMB in September 2015 that certain categories and payment types within a category are not cost effective to review and are excluded from our payment recapture audit program.

For FY 2019, the internal recovery audit program included a review of the following payment categories from Table 4.1: Payroll and Benefits and Other Administrative Expenses.

Payroll and benefits account for a majority of our total administrative expenses. For FY 2019, we found approximately $3.98 million in improper payroll overpayments out of $7,171 million payroll payments, which yielded a 0.06 percent improper overpayment rate. We return all amounts recovered to the original appropriation from which the overpayment originated.

From the Other Administrative Expenses category, we review vendor and employee travel payments using an existing internal recovery audit program that contains a number of tools to aid in the detection and recovery of improper overpayments, including:

- An automated query system to identify duplicate payments made to the same vendor, with the same invoice date, and for the same amount;
- An annual payment accuracy review examining select criteria on a random sample of payments to identify improper payments or a weakness in the internal payment recapture audit program; and
- A risk assessment of administrative payment systems and recovery of any overpayments identified in this process.

In FY 2019, we reviewed $1.75 billion in vendor and travel payments out of $1.77 billion subject to review.

We identified total vendor and travel improper overpayments of $0.470 million, approximately 0.03 percent of total payments subject to review. As of the end of FY 2019, approximately $47,963 remained uncollected, which included amounts identified for recovery in prior years. The remaining receivables balance reflected the timing of when we issued the request for overpayment refund. Our recovery goal for all vendor and travel overpayments is 100 percent. We return all amounts recovered to the original appropriation from which the overpayment originated.

For State DDS payments, our 10 regional offices review amounts drawn against pre-approved DDS spending plans. For payment accuracy, our OIG reviews the DDS payments on a rotational basis. We use our OIG's findings, if any, to enhance our payment controls.

For ARRA payments, we rely on our OIG's audits of the ARRA funds as part of our payment recapture audit program for administrative payments. ARRA payments made up only 0.02 percent of our total administrative expenses in FY 2019.

Administrative Payments Recovery Targets

Similar to the OASDI and SSI programs, OMB guidance requires that agencies establish annual targets for administrative payment recapture audit programs. Table 4 shows our targets for our administrative payment recapture audit program. We strive to recover all administrative overpayments and established a 100 percent target. We selected this recovery rate based on our in-house recovery experience for the past three fiscal years. We incur a small amount of administrative overpayments, mainly from incorrect or duplicate payments to vendors or employees. We use various tools for collection, including offset of subsequent vendor payments, the Treasury Offset Program (TOP), and Administrative Wage Garnishment (AWG).

Disposition of Payment Recapture Funds

Table 5: Disposition of Funds Recaptured Through Payment Recapture Audit Programs
(Dollars in Millions)

Amount Recaptured		Disposition of Recaptured Funds						
Program or Activity	Amount Recaptured	Agency Expenses to Administer the Program	Payment Recapture Auditor Fees	Financial Management Improvement Activities	Original Purpose	Office of the Inspector General	Returned to Treasury	Other[1]
Benefit	$3,809.48	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	$3,809.48
Administrative	$3.06	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	$3.06

Note:

1. We return all amounts recaptured to the original appropriation from which the payment was made for our OASDI and SSI benefits and administrative payments.

Aging of Outstanding Overpayments

OMB Circular No. A-136 requires agencies to develop an aging schedule of the amount of outstanding overpayments identified through their payment recapture audit program (i.e., overpayments that have been identified but not recaptured). Table 6 shows our aging schedule for our OASDI and SSI programs and our administrative payments.

Table 6: Aging of Outstanding Overpayments Identified in the Payment Recapture Audits
(Dollars in Millions)

Program or Activity		FY 2020 Amount Outstanding (0 to 6 Months)	FY 2020 Amount Outstanding (6 Months to 1 Year)	FY 2020 Amount Outstanding (Over 1 Year)	FY 2020 Amount Determined to not be Collectible
OASDI	Overpayment Dollars	$882.92	$453.93	$1,395.97	$2,265.87
	Percent of Total Outstanding	32.3%	16.6%	51.1%	82.9%
SSI	Overpayment Dollars	$501.13	$890.31	$6,007.41	$266.58
	Percent of Total Outstanding	6.8%	12.0%	81.2%	3.6%
Payroll and Benefits	Overpayment Dollars	$2.34	$1.58	$2.64	$0.57
	Percent of Total Outstanding	35.7%	24.1%	40.2%	8.7%
Vendor and Travel	Overpayment Dollars	$0.03	$0.00	$0.02	$0.00
	Percent of Total Outstanding	55.3%	0.0%	44.7%	0.0%
Total	Overpayment Dollars	$1,386.41	$1,345.82	$7,406.04	$2,533.02
	Percent of Total Outstanding	13.7%	13.3%	73.1%	25.0%

Notes:

1. The aging of outstanding overpayments begins when the overpayment is delinquent, which is generally when no voluntary payment has been made 30 days after the latest of the following dates:
   - The debt was established on our system for OASDI;
   - The initial overpayment notice for a debt established on the SSI system;
   - The last voluntary payment;
   - An installment arrangement;
   - A decision on an individual's request to reconsider the existence of the overpayment; or
   - A waiver denial.
2. Totals for payroll and benefits payments and vendor and travel payments are from our internal payment recapture audit in FY 2019.
3. Total Outstanding includes overpayments that have not been recaptured, waived, or written-off through the end of FY 2020 for OASDI overpayments and SSI overpayments. For payroll and benefits overpayments and vendor and travel overpayments, Total Outstanding includes overpayments that have not been recaptured, waived, or written-off through the end of FY 2019.
4. There may be slight variances in the dollar amounts and percentages reported due to rounding of source data. We derive dollar amounts and percentages from unrounded source data.
5. FY 2020 Amount Determined to not be Collectible (i.e. write-offs) is not included in the amount outstanding or total outstanding.
6. During FY 2020, we re-evaluated our program debt portfolio, specifically delinquent and uncollectible debt that we were pursuing. As part of our debt recovery process, we have historically required applying a multi-step due diligence process before terminating agency collection action on a debt (i.e. write-off), which includes various communications to the debtors. In evaluating this process, we found that we were pursuing debt that is largely uncollectible; thereby inefficiently using our Processing Centers' resources. Rather than continue pursing these debts, we identified specific types of delinquent debt we believe are uncollectible. In FY 2020, we targeted a portion of our OASDI debt that was determined to be uncollectible, and wrote-off $1,899 million of accounts receivable. We are continuing to evaluate our delinquent debt and will continue this write-off process into FY 2021 for our

SSI program debt, as well as additional OASDI debt. However, while we are terminating active collection efforts, the debt will remain on the individual's agency record to be collected in the future, where appropriate and applicable. If eligible, we will refer these delinquent debts to TOP for external collection action.

Additional Comments

Agency Efforts to Collect Overpayments in the OASI, DI, and SSI Programs

In addition to our efforts to prevent and detect improper payments, we also have a comprehensive debt collection program. We collected $3.809 billion in OASDI and SSI benefit overpayments in FY 2020 at an administrative cost of $0.06 on average per dollar collected. We collected $18.994 billion over a 5-year period (FYs 2016–2020). To recover overpayments, we use internal debt collection techniques (i.e., payment withholding, billing, and follow-up), as well as some external collection techniques authorized by the *Debt Collection Improvement Act of 1996* for OASDI debts and the *Foster Care Independence Act of 1999* for SSI debts. From 1992–2020, our external collection techniques have yielded $63.4 billion in benefit overpayment recovery. For additional information about our external collection techniques, please refer to the Debt Collection and Management section of this FY 2020 *Agency Financial Report*.

We developed a system to use TOP, credit bureau reporting, and AWG collection mechanisms. Because the system includes more than TOP and is the basis for any future collection interfaces with agencies or entities outside our agency, we call it the External Collection Operation system.

Modernizing Debt Management

We continue to make improvement in other aspects of our debt collection program. In FY 2018, we began modernization efforts to build a new DMS. This information technology (IT) investment is a multi-year effort that will build a new comprehensive overpayment system enabling us to record, track, collect, and report our overpayments more efficiently. We will also automate overpayment waiver determinations, where appropriate, to enhance controls surrounding waiver determinations.

The new DMS will also expand the Non-Entitled Debtors (NED) program to collect debts from debtors who have never been entitled to OASDI benefits or SSI payments. Currently, NED captures payments made to representative payees after the death of an OASDI beneficiary and overpayments to representative payees prior to the death of the OASDI beneficiary for which the payee is responsible. In addition, we will further implement Section 104 of the *Strengthening Protections for Social Security Beneficiaries Act of 2018* to establish State responsibility for overpayments that occurred for OASDI childhood beneficiaries and SSI child recipients while in State-administered foster care.

During the development of the new DMS, we will accommodate the remaining debt collection tools authorized by the *Debt Collection Improvement Act of 1996*. These tools include charging administrative fees, penalties, and interest, or indexing of debt to reflect its current value.

We anticipate launching the new DMS and transitioning from legacy systems by the end of FY 2022. In FY 2020, we adjusted the launch date from FY 2021 to FY 2022 to focus agency resources on multiple near-term debt management priorities.

Treasury Report on Receivables

In FY 2020, we implemented systems enhancements to our OASDI and SSI Treasury Report on Receivables to meet the reporting requirements of the *Digital Accountability and Transparency Act of 2014*. We continued to analyze data to ensure we are accurately reporting our receivables. Our new DMS will address our reporting limitations such as the number of OASDI debts that the system bundles and counts as a single debt when an individual has multiple debts.

Terminating Collection Activity

We suspend or terminate collection activity in accordance with the authority granted by the U.S. Code and the Federal Claims Collection Standards. Generally, we terminate or suspend collection action when the debtor cannot repay, we are unable to locate the debtor, or the cost of collection is likely to be more than the amount recovered. Terminating collection action of a debt results in temporary or conditional write-off of the debt to our accounts receivable balance, but does not discharge the debtor from responsibility to repay. The debt remains on the debtor's record for collection. If the debtor becomes entitled to benefits in the future, we will collect the debt by appropriate and available methods.

In FY 2020, we initiated a project to analyze debt we have determined to be delinquent and uncollectible for potential termination of collection by the agency. By terminating collection activity on uncollectible debt, we will better reflect current receivables on our financial statements as well as reduce the number of actions from the PC pending backlog. However, while we are terminating active collection efforts, the debt will remain on the individual's agency record to be collected in the future, where appropriate and applicable. If eligible, we will refer these delinquent debts to TOP for external collection action.

Recovery of Overpayments Due to Death

The Federal Government uses the reclamation process to recover benefit payments paid via direct deposit to the financial account of a beneficiary who died and is not entitled to the payment, became legally incapacitated, or who died before the date of the payment(s). To recover OASDI and SSI payments from U.S. financial institutions, we must send reclamation requests within 120 days of the date we learn of a beneficiary's death. A financial institution may protest a recovery of funds if we did not initiate the reclamation timely.

We have procedures for recovering both OASDI and SSI improper payments caused by overpayments due to death where we paid the beneficiary by paper check. Below are examples of actions we take for OASDI beneficiaries and SSI recipients.

If the overpaid OASDI beneficiary is deceased, we attempt to recover the overpayment by:

- Withholding any underpaid benefits due to the deceased beneficiary;
- Withholding any lump-sum death payment payable to individuals on the same earnings record;
- Proposing adjustment against any person receiving benefits on the overpaid individual's earnings record at the time the overpaid individual died; or
- Sending a letter to the endorser or the deceased's estate requesting repayment.

If the overpaid SSI recipient is deceased, we will notify the estate of the overpayment and seek recovery from:

- A liable representative payee;
- A liable spouse;
- A sponsor of an alien recipient (under certain circumstances); or
- Any individual who committed fraud to cause the overpayment.

We have several initiatives we use to track and resolve discrepancies related to death, including:

- The Numident Death Match – This match identifies discrepancies between the Numident, which is our master file of assigned SSNs, and our payment records, which results in monthly alerts that feed into the Death Alerts Tracking System (DATS). We use DATS to resolve these alerts and stop paying benefits, if appropriate.

- The Death Information Processing System (DIPS) – DIPS is an agency-wide, web-based system used to add, change, or remove death information on the Numident for deceased individuals. DIPS replaced the Death Alert Control and Update System and the Customer Information Control System.
- The Electronic Death Registration (EDR) process – This State-sponsored initiative automates the death registration process and allows participating States to verify the name and SSN of a deceased person against our Numident before registering the death. This process results in more accurate and timely death information, allowing us to stop benefits for the deceased beneficiary. The EDR process supports the agency's Strategic Goal, "Ensure Stewardship," includes minimizing improper payments by identifying and preventing erroneous payments after death, and reducing erroneous death terminations. Forty-six States, the District of Columbia and the City of New York participate in EDR. We continue to work diligently to achieve full nationwide participation.
- Through our IT Modernization efforts from FY 2018 to date, we improved the accuracy and consistency of death information by adding over 10.6 million deaths to the Death Master File. These records benefit external users of our data in preventing improper payments.
- In FY 2020, we implemented the following enhancements:
    - Improving the accuracy and consistency of death information by posting historical State death data to the Death Master File;
    - Streamlining the posting of death information to facilitate more timely termination of benefits; and
    - Enhancing our matching criteria to help prevent erroneous death postings.

BARRIERS

Our complicated statutory and regulatory requirements pose challenges in administering our programs. To meet the challenges of our growing workloads and provide the best service possible, we continue to streamline our policies and procedures and automate more of our business processes. We work with Congress and our stakeholders to simplify our statutory and regulatory requirements. The FY 2021 President's Budget includes several legislative proposals that can help simplify our programs and better identify, prevent, and recover improper payments. We discuss some of these proposals in the following paragraphs. More information on our legislative proposals is located in our *FY 2021 Budget Overview* (www.ssa.gov/budget/FY21Files/2021BO.pdf).

ENHANCE WORK AND EARNINGS OPPORTUNITIES FOR PEOPLE WITH DISABILITIES

Current rules governing DI beneficiaries' earnings while they are attempting to return to work are difficult for beneficiaries to understand and very complex to administer, often resulting in an unexpected complete loss of benefits upon reaching certain earnings limits, thus deterring beneficiaries from attempting to work. The Budget proposes to replace existing return-to-work programs and earnings rules with a simple system of offsetting DI benefits based on a 4-tier earnings structure that is simpler and more efficient to administer.

AUTHORIZE SSA TO USE ALL COLLECTION TOOLS TO RECOVER FUNDS IN CERTAIN SCENARIOS

Current law provides us limited authority to recover certain incorrect payments that do not meet the statutory definition of an overpayment (e.g. someone improperly cashes a beneficiary's check or improperly removes benefit funds from a joint account after a beneficiary's death). Because these incorrect payments are not considered overpayments, our recovery options are limited. Our proposed changes would expand our authority to recover funds and end disparate treatment of similar types of improper payments, using all overpayment collection tools, such as credit bureau reporting and AWG.

Increase the Overpayment Collection Threshold for OASDI

This proposal would change the minimum monthly withholding amount for recovery of OASDI benefit overpayments to reflect the increase in the average monthly benefit since we established the current minimum of $10 in 1960. By changing this amount from $10 to 10 percent of the monthly benefit payable, we would recover overpayments more quickly and better fulfill our stewardship obligations to the combined Social Security Trust Funds. The SSI program already has the 10 percent rule. Debtors could pay less if the negotiated amount would allow for repayment of the debt in 36 months. If the beneficiary cannot afford to have his or her full benefit payment withheld because he or she cannot meet ordinary and necessary living expenses, the beneficiary may request partial withholding. To determine a proper partial withholding amount, we negotiate (as well as re-negotiates at the overpaid beneficiary's request) a partial withholding rate.

Improve SSI Youth Transition to Work

To promote self-sufficiency for transition-age youth, the Budget would implement several SSI reforms. First, the Budget would institute initial disability reviews at ages 6 and 12 to better identify medical improvement at the earliest point to increase oversight and signal the importance of SSI youth investing in their education and development. Second, the Budget would improve SSI youth work incentives by disregarding all earned income and eliminating income reporting requirements through age 20, providing a higher disregard of earnings with a gradual phase-down for SSI recipients between ages 21 and 25, and eliminating school enrollment reporting requirements. In addition, the Budget would improve access to vocational rehabilitation services for SSI transition-age youth by allowing us to make referrals to these services.

Simplify Administration of the SSI Program

This proposal would replace complex in-kind support and maintenance (non-cash income assistance) determinations used for establishing monthly SSI benefits with a flat-rate benefit reduction for adult SSI recipients living with other adults. In addition, this proposal would eliminate the holding out and dedicated account policies to simplify the program and reduce the burden on beneficiaries and representative payees.

Improve Collection of Pension Information from States and Localities

Current law requires us to reduce OASDI benefits when someone also receives a pension based on work that was not covered by Social Security. This proposal would require us, and State and local government pension payers to enter into automated data exchange agreements to facilitate reporting of information about pensions based on non-covered work.

Accountability

Effective FY 2012, as required by IPERA (as repealed and replaced by PIIA in 2020), we hold managers, program officials, and senior executives accountable for reducing improper payments. For these employees, their annual performance plans reflect their responsibility to support efforts to maintain sufficient internal controls to prevent, detect, and recover improper payments and meet targets to reduce improper payments.

AGENCY INFORMATION SYSTEMS AND OTHER INFRASTRUCTURE

INTERNAL CONTROLS

We have a strong internal control environment that has always included controls over our benefit payment and debt management processes. We directly leverage existing internal processes to provide reasonable assurance that internal controls are in place and operating effectively.

As part of our internal control environment, we have a well-established, agency-wide management control program as required by the *Federal Managers' Financial Integrity Act* (FMFIA). We accomplish the objectives of the program by:

- Integrating management controls into our business processes and financial management systems at all organizational levels;
- Reviewing our management controls and financial management systems controls on a regular basis; and
- Developing corrective action plans for control weaknesses, and monitoring those plans until we resolve the issues.

We established the Improper Payments Oversight Board (IPOB), consisting of senior executives, to ensure that we are focusing on improper payment prevention, formulating clear and innovative strategies, and driving timely results agency-wide. The IPOB's role is to serve as the corporate team to:

- Oversee all improper payment-related activities for the agency;
- Collaborate and shape strategy; and
- Resolve cross-component differences, address challenges encountered by staff, and drive timely results.

For additional information about our internal control environment, please refer to the *Systems, Controls, and Legal Compliance* section of this FY 2020 *Agency Financial Report*.

The effective internal controls we incorporate into our business processes and financial management systems, as well as the program integrity efforts mentioned throughout this report, support our Commissioner's annual assurance statement to the President and Congress that discusses whether our:

- Internal controls over the effectiveness and efficiency of programs and compliance with applicable laws and regulations are operating effectively;
- Financial management systems are in conformance with government-wide requirements; and
- Internal controls over financial reporting are operating effectively.

We include the Commissioner's annual assurance statement, additional information of our review program, and the results of the financial statement audit, in the *Systems, Controls, and Legal Compliance* section of this FY 2020 *Agency Financial Report*. For additional information on the financial statement audit, please see the *Report of Independent Certified Public Accountants* section of this FY 2020 *Agency Financial Report*.

Our strong overall internal control program contributes significantly to our efforts to reduce improper payments.

HUMAN CAPITAL

Our program integrity work is labor-intensive and dependent on having the necessary trained staff to do the work. The same employees who handle our program integrity work also handle applications for benefits and other mission-critical work.

Our stewardship responsibility includes conducting non-medical SSI redeterminations and full medical CDRs. These reviews save significant program dollars by avoiding improper payments. In FY 2019 and FY 2020, we received the fully authorized cap adjustments for dedicated program integrity activities. We remained current with the full medical CDR workloads that we processed in FY 2019. In FY 2019, we completed approximately 713,000 full medical CDRs and approximately 2.67 million SSI redeterminations. In addition, we completed approximately 310,700 work CDRs in FY 2019. In FY 2020, we completed approximately 463,260 full medical CDRs and approximately 2.15 million SSI redeterminations. In addition, we completed approximately 325,070 work CDRs in FY 2020.

We continued to remain current in this workload through FY 2019; however due to the COVID-19 pandemic, we were not able to maintain CDR currency in FY 2020. The FY 2021 President's Budget continues to fund program integrity workloads at the fully authorized level, helping to ensure that only those eligible for OASDI and SSI disability benefits continue to receive them. Assessments of the return on investment from CDRs completed in FY 2016 and earlier establish that we achieve significant program savings with this workload. Additionally, in the FY 2021 Budget, we estimate that CDRs conducted in 2021 will yield a return on investment of about $8 on average in net Federal program savings over 10 years per $1 budgeted for dedicated program integrity funding, including OASDI, SSI, Medicare and Medicaid program effects. The Budget proposes $1,575 million for the agency, including the authorized FY 2021 cap adjustment amount of $1,302 million for dedicated program integrity. The *Bipartisan Budget Act of 2015* authorized a net increase in new cap adjustment levels through 2021.

INFORMATION SYSTEMS

Our staff rely on our IT infrastructure to serve the public and safeguard our programs. However, our infrastructure needs have evolved as the demands for our data and programs have increased. We developed our systems over 30 years ago. The infrastructure and application code has lagged behind as newer technologies advanced what is possible with the use of modern tools and emerging IT capabilities, such as artificial intelligence. Our IT infrastructure has grown increasingly complex, inefficient to meet customer demands, and costlier to maintain and secure as changes were applied on top of prior changes.

We initiated our multi-year *IT Modernization Plan* in October 2017 to improve our IT in support of our mission. We will advance our IT infrastructure with 21st century technology and implement the technical flexibility necessary to adapt to future demands. Since the plan was first initiated in FY 2018, and with $370 million in dedicated appropriations from Congress, we have delivered on foundational modernization needs including: modernizing multiple database infrastructure and support capabilities; improving access to master file data to allow the eventual retirement of legacy software; consolidating and eliminating duplicate data; expanding our enterprise data warehouse; and implementing machine learning to assist in streamlining processes. By modernizing our infrastructure, we improve the speed and accuracy of our applications, ensure that we are working with the most up to date information, reduce the need for customers to provide or update information, and ensure that information and data are shared across all applications. We must devote resources to upgrading our infrastructure while simultaneously maintaining our current IT services to ensure that our customers experience uninterrupted service. The FY 2021 President's Budget continues to fund our *IT Modernization Plan*, which allows us to make technical infrastructure changes, communications capabilities to support beneficiaries and recipients, and service improvements.

Rapid changes in technology and proper planning for future customer needs require us to continually review our *IT Modernization Plan* (www.ssa.gov/open/materials/IT-Modernization-Plan.pdf). Based on input from public and private sector experts, frontline employees, and most importantly, our interactions with the public we serve, we updated our *IT Modernization Plan* in FY 2020. Building on the progress we have made over the past two years,

our *IT Modernization Plan, 2020 Update* (www.ssa.gov/open/materials/IT-Modernization-Plan-2020-Update.pdf) focuses on building additional online services, and improving and expanding automated, expedited, and self-service options. We are prioritizing self-service solutions for our most frequently requested services in our field offices and on the National 800 Number.

We will provide more service options; develop enterprise-wide systems that enable the public to easily interact with us across all service channels; allow our technicians to complete more transactions at first contact; and ensure that the public receives relevant and timely information.

In FY 2020, we increased digital communication with beneficiaries and recipients as we updated the Customer Communications Management (CCM) architecture to collect and react to customers' communications preferences for receiving information, either by mail or online; improved the delivery of Social Security notices online and expanded the types of customer notices delivered online; enhanced internet capability to request SSN replacement cards and standardized mailing addresses for sending SSN replacement cards; sent proactive email messages to customers notifying them of status changes to their electronic applications; redesigned the disability case processing system for hearings and appeals and improved analytical tools to provide decision support through predictive analytics; increased electronic W-2 and W-2 C filings for employers; updated nearly 11 million death records; and retired outdated applications, reports, and legacy databases.

Other Infrastructure

The agency continues to emphasize the importance of information security through continual operational refinement and the maturation of security components that exceed the standards set forth by government regulations.

In FY 2020, we strengthened our efforts to attract, develop, and retain our cybersecurity workforce to continue to address cyber threats. We continued to improve our cybersecurity infrastructure and our ability to detect and eliminate vulnerabilities by using automated workflows. We automated our detection and response processes to provide seamless integration from the identification of threats through the mitigation of vulnerabilities, as well as implemented additional protections designed to limit the impact of potential cyber-attacks (whether they stem from external or internal threats). We invested in and improved upon our existing identity management capabilities to enhance and automate access control provisioning and privileged account management. In addition, we completed the design of an Information System Security Officer governance program to facilitate improved cross-functional teaming between the Office of Information Security and other components, and to ensure information systems have true accountability when it comes to the security posture of that system.

In FY 2021, we continued staffing the newly designed Information System Security Officer program. We will continue to align our agency cybersecurity priorities with agency strategic objectives and the National Institute of Standards and Technology Cybersecurity Framework (CSF) to identify, detect, and prevent potential fraudulent transactions before they occur. We will continue our alignment with the CSF, and infuse practices from Federal initiatives including the President's Cybersecurity National Action Plan, DHS's High Value Asset program, and DHS's Continuous Diagnostics and Mitigation program.

In FY 2022, we are targeting full implementation of our Identity, Credential, and Access Management program, reducing the administrative burden through fully automated access controls. We also plan to align the cyber program to Federal guidance, establishing flexibilities and the ability to adjust to the ever changing threat landscape. We are working towards establishing a Vulnerability Disclosure Program in alignment with the draft Binding Operational Directive 20-01. This program and associated processes will reside within the agency's Vulnerability Management program.

Sampling and Estimation

We use stewardship reviews to measure the accuracy of payments to beneficiaries. Each month, we review a statistically valid sample of OASI, DI, and SSI cases to determine payment accuracy rates. For each sample case,

we interview the beneficiary or representative payee, contact third parties for additional information if needed, and redevelop all non-medical factors of eligibility as of the sample month to determine whether the payment was correct. We express any difference between what we actually paid and what the reviewer determines we should have paid as an overpayment or underpayment error. We based the data in the OASDI and SSI Improper Payments Experience tables on cases sampled in FY 2019. For government-wide reporting purposes, we treat our FY 2019 findings as FY 2020 data. We will not have FY 2020 data until summer 2021. We will report our findings from the FY 2020 stewardship reviews in next year's *Payment Integrity* report.

When we compute accuracy rates for monthly payments, we use case error dollars. Case error dollars refer to an incorrect payment made to a case as a whole, with an overpayment or underpayment occurring when we pay more or less than we should have paid. Some cases have more than one error causing an incorrect payment, with each of these errors referred to as a deficiency. We analyze and track the individual effect of each separate cause of error. Because we project findings from samples, we use a five-year rolling average for each type of deficiency to identify and rank error trends.

Stewardship review findings provide the data necessary to meet the PIIA reporting requirements. The OASDI and SSI payment accuracy rates developed in the stewardship reviews reflect the accuracy of payments issued to OASDI beneficiaries and SSI recipients. In addition to the combined payment accuracy rates for OASDI, we calculate separate rates for OASI and DI. We base our corrective actions for our high-priority programs on the information we obtain from the stewardship reviews. We focus our efforts on major causes of improper payments, both overpayments and underpayments.

Risk Assessment

Risk Susceptible Program

IPERA (as repealed and replaced by PIIA in 2020) expanded the definition of programs susceptible to significant improper payments to include programs with improper payments estimated to exceed $100 million. Under this definition, our OASI, DI, and SSI programs are susceptible to significant improper payments. We estimate improper payments in these programs in terms of overpayments and underpayments. See Table 1.1 for details of our OASI and DI improper payments, and Table 1.2 for details of our SSI improper payments in the Payment Reporting section of this *Payment Integrity* report.

OMB's guidance requires us to evaluate all our payment outlays (i.e., payments from the OASI, DI, and SSI programs and other outlays, such as administrative payments). Since 2003, we have reviewed our administrative payments, including payroll disbursements and vendor payments. We found these payments were not susceptible to significant improper payments, and require a risk assessment at least once every three years according to OMB guidance. Below we provide additional information on the risk assessment of our administrative payments.

Benefit Payments

To comply with IPERA's (as repealed and replaced by PIIA in 2020) risk assessment requirements, we conduct an annual stewardship review of our OASDI and SSI payments. Our stewardship review is a cost-effective means for evaluating payment accuracy and identifying major causes of improper payments in our benefit programs.

Administrative Payments

IPERA (as repealed and replaced by PIIA in 2020) requires agencies to review administrative payments as part of their annual risk assessment process. If these risk assessments determine that an agency's administrative payments are susceptible to significant improper payments, the agency is required to establish an annual improper payment measurement related to administrative payments.

As part of the risk assessment, we considered the following factors:

- A number of financial statement audits, which identified no significant weakness in the administrative payment process;
- The size, stability, and complexity of our administrative payment processes;
- The historically low error rate for administrative payments;
- Extensive controls inherent in our administrative payment systems; and
- The current internal control structure we have in place to prevent, detect, and recover improper administrative payments.

We evaluated our FY 2019 administrative expenses and determined they were not susceptible to significant improper payments as defined by IPIA. We reviewed the agency's Travel and Purchase Card Management Plans required by OMB Circular No. A-123, Appendix B, *Improving the Management of Government Charge Card Programs*. We also leveraged the results of an independent accounting firm's FY 2018 residual risk assessment in support of our FMFIA Internal Control Program. This assessment found that our administrative expenses, accounts payables, human resources, and payroll management-related residual risks are low overall.

FRAUD REDUCTION REPORT

REPORTING REQUIREMENTS

PIIA repealed the *Fraud Reduction and Data Analytics Act of 2015* (FRDAA); however, PIIA still requires us to include in our annual financial report our progress in improving financial and administrative controls and procedures to assess and mitigate fraud risks, as well as our development and use of data analytics to identify, prevent, and respond to fraud, including improper payments.

The report must include our progress in implementing:

- Financial and administrative controls established pursuant to PIIA;
- The fraud risk principle 8 in the Government Accountability Office's (GAO) *Standards for Internal Control in the Federal Government*; and
- OMB Circular No. A-123, *Management's Responsibility for Enterprise Risk Management and Internal Control*, with respect to leading practices for managing fraud.

The report must also include information on the agency's progress in identifying risk and vulnerabilities to fraud, including with respect to payroll, beneficiary payments, grants, large contracts, and purchase and travel cards, as well as steps to curb fraud.

OUR ANTI-FRAUD EFFORTS

Under the Office of Analytics, Review, and Oversight, our anti-fraud program continues to mature. We have demonstrated our commitment to combatting fraud by building an organizational culture and structure conducive to fraud risk management based on guidance from GAO's *A Framework for Managing Fraud Risks in Federal Programs* (Framework). In FY 2015, we created the Office of Anti-Fraud Programs (OAFP), which we have since renamed the Office of Program Integrity (OPI), to serve as the focal point for our fraud risk management activities. At the same time, we re-established the National Anti-Fraud Committee (NAFC). Composed of the agency's senior leadership, NAFC provides a forum for collaboration and strategic oversight of fraud challenges and solutions. Together, OPI and the NAFC provide robust structure and leadership to address our fraud risks.

In FY 2019, we approved our *Anti-Fraud Strategic Plan for FYs 2019–2021*. This plan aligns with the *Agency Strategic Plan for FYs 2018 – 2022* and outlines goals and objectives to enhance and expand anti-fraud activities and initiatives. The anti-fraud plan includes three major goals:

- Enhance our fraud risk management culture;
- Strengthen our programs through assessment and monitoring; and
- Conduct outreach and ongoing communication of our anti-fraud efforts.

In FY 2020, we continued our annual National Anti-Fraud Training (NAFT), which is mandatory for all agency and State DDS employees. NAFT informs employees about the agency's current efforts to prevent, detect, deter, and mitigate fraud. It also serves as a reminder of our commitment to ensure consistent compliance with fraud policies and procedures, and encourages employees to remain vigilant in identifying potential fraud. By providing consistent anti-fraud training, we demonstrate our commitment to an anti-fraud tone that permeates our organizational culture. NAFT's FY 2020 theme was, "Combatting Fraud: Join the Fight."

Other anti-fraud efforts include:

- Expanding Cooperative Disability Investigations (CDI) units;
- Reviewing potential fraud cases in centralized Fraud Prevention Units (FPU) and the Special Review Cadre (SRC) in the Office of Hearings Operations;
- Publishing new policy for anomalous retirement claims submitted online;
- Increasing recovery efforts for funds lost due to fraud;
- Continuing efforts to prevent fraudulent redirection of direct deposits; and
- Enhancing our data-analytic capabilities to detect potential fraud.

Payment Integrity Information Act Reporting Requirements

Implementing Financial and Administrative Controls

Principle 8 in GAO's *Standards for Internal Control in the Federal Government,* directs agencies to adhere to leading practices for managing fraud risks. We have a strong history of implementing controls that deter, detect, mitigate, and prevent fraud.

In the last several years, we have expanded the use of data analytics to enhance our ability to detect fraud in our programs. For example, in FY 2018, our data analytics, combined with the administrative controls built into our iClaims process, helped us identify potentially fraudulent iClaims and abate 95 percent of those claims before they were processed and payments were issued. By proactively identifying and preventing these fraudulent claims, we estimate avoided losses of more than $52 million in FY 2019.

We continue to refine and mature our analytics programs, helping us proactively detect potential fraud. We use the information from our current analytics to refine existing analytical models, improving model accuracy and efficiency. We also test new analytics theories to identify options for new analytical models. In FY 2018, we deployed a new analytical model to detect potentially fraudulent disability claims, and we are using the results of that model to develop ideas for other analytical models related to disability fraud. The exploratory nature of this work means that not all new models will prove to be viable, but the lessons learned from developing and testing these models will further enhance our knowledge and ability to develop additional model theories for testing.

Many administrative and financial controls are already in place to detect, deter, and mitigate specific fraud risks within our programs. We are documenting those specific controls in the fraud risk assessments we are conducting. We have also implemented broader controls that apply to several agency programs. Examples include:

- CDI Units: CDI units are joint efforts between SSA and OIG in conjunction with State Disability Determination Servcies and State or local law enforcement to investigate potential fraud in the DI and SSI

disability programs. According to OIG, CDI units contributed more than $580 million to agency savings over the last 3 fiscal years. In FY 2020, we added four CDI units in Nebraska, New Hampshire, Nevada, and Wyoming. At the conclusion of FY 2020, the CDI program consists of 49 units covering 44 States, Washington, DC, the Commonwealth of Puerto Rico, Guam, American Samoa, Northern Mariana Islands, and the U.S. Virgin Islands. We plan to provide nationwide CDI coverage by the end of FY 2022.

- FPUs: FPUs are a national resource that enhance our capacity to provide expert programmatic support to disability fraud investigations.
- SRC: When OIG refers a cluster of cases where there is a reason to believe that fraud or similar fault is involved, the SRC reviews and re-determines the identified hearing-level cases, consistent with the facts presented in the OIG referral, Office of the General Counsel advice, applicable laws, and agency policy.
- Sanctions: Administrative sanctions are penalties for making false or misleading statements, or withholding material information in certain circumstances. These penalties are a nonpayment of benefits for specified periods.
- Civil Monetary Penalties (CMP): Section 1129 of the *Social Security Act* authorizes imposition of a CMP against anyone who makes false statements or misrepresentations, or materially withholds information in connection with obtaining or retaining benefits or payments under Titles II, VIII, or XVI of the *Social Security Act*. Additionally, OIG may impose CMPs against representative payees for wrongful conversion of payments for their own use or failure to notify us of a material change in a beneficiary's living arrangements or work activity. For additional information about CMPs, please refer to the Civil Monetary Penalty Adjustment for Inflation section of this FY 2020 *Agency Financial Report*.

IDENTIFYING RISKS AND VULNERABILITIES TO FRAUD

The GAO Framework provides leading practices for managing fraud risks. Central to this framework is the requirement to "plan regular fraud risk assessments and assess risks to determine a fraud risk profile." In FY 2018, we completed our first fraud risk assessment, which was focused on the disability program. In FY 2019, we developed a plan with specific mitigation strategies to reduce several risks identified in the disability program fraud risk assessment. In FY 2019, we completed fraud risk assessments in administrative areas such as payroll, grants, and contracts. We also completed a fraud risk assessment for key electronic services (eServices) including *my* Social Security and iClaims. In FY 2020, we completed a fraud risk assessment for the representative payee program and started a fraud risk assessment for the SSI program. We also developed a plan with specific mitigations for several eServices risks. In FY 2021, we will begin fraud risk assessments for occupational (employee) fraud and the OASDI program. We will also develop a plan with specific mitigations for certain representative payee risks.

Based on our experience and the lessons learned from the first fraud risk assessment, NAFC approved the Enterprise Fraud Risk Management (EFRM) strategy in FY 2019. This strategy establishes a business process and long-term schedule for completing fraud risk assessments across our major program areas. The EFRM strategy ensures we will meet the requirements of PIIA by incorporating leading practices for managing fraud risks established in the GAO Framework.

Our EFRM strategy also ensures we identify fraud risks and necessary financial and administrative controls as required by OMB Circular No. A-123.

- Our Administrative Areas Fraud Risk Assessment completed in FY 2019 assesses fraud risks and controls related to payroll, grants, contracts, and purchase and travel cards.
- Our eServices Fraud Risk Assessment completed in FY 2019 assesses fraud risks and controls related to key information technology.
- Our Disability, Representative Payee, SSI, and OASDI Fraud Risk Assessments, have (or will), assessed fraud risks and controls related to program payments.

Each fraud risk assessment, combined with our tailored plans to mitigate specific risks, will form the fraud risk profile for each program area. Once we complete all initial fraud risk assessments, we will conduct regular reassessments of each area at least every three years.

ESTABLISHING STEPS TO CURB FRAUD

We continue to take specific steps to improve our ability to curb fraud. On January 18, 2020, we launched the Allegation Referral Intake System (ARIS), which replaced the electronic form (SSA-e8551) used by agency and State DDS employees to report suspected programmatic fraud to OIG. In addition to providing a modern, streamlined interface, ARIS provides more structured data, enabling improved analysis of allegation data and allowing the agency to respond rapidly and efficiently to allegations of fraud from front-line staff.

We continue to communicate with the public to promote awareness of external fraud schemes involving the agency. Technology has improved fraudsters' ability to impersonate legitimate businesses and Federal agencies, resulting in more people receiving calls from individuals claiming to be from SSA. In FY 2019, we launched a joint Public Service Announcement campaign with the OIG to address this nationwide telephone impersonation scheme. We also provide information on the ssa.gov website (www.ssa.gov/antifraudfacts) about measures individuals can take to prevent fraud, such as creating a *my* Social Security account, adding eServices or direct deposit fraud prevention blocks on their accounts, and being aware of phishing scams (i.e. the fraudulent practice of sending emails purporting to be from reputable companies in order to induce individuals to reveal personal information). We also provide the public with information on how to report suspected fraud to OIG.

Consistent with the GAO Framework, we use the results of our fraud risk assessments to develop and implement additional controls to mitigate key risks. Fraud risk assessments allow us to make informed management decisions and strategically allocate resources to address our most significant fraud risks.