

June 3, 2021

Andrew Saul
Commissioner
U.S. Social Security Administration
6401 Security Boulevard
Windsor Park Building
Baltimore, MD 21235

Priority Open Recommendations: Social Security Administration

Dear Mr. Saul:

The purpose of this letter is to provide you with an update on the overall status of the Social Security Administration's (SSA) implementation of GAO's recommendations and to call your personal attention to areas where open recommendations should be given high priority.¹ In November 2020, we reported that, on a government-wide basis, 77 percent of our recommendations made 4 years ago were implemented.² SSA's recommendation implementation rate was 71 percent. As of May 2021, SSA had 59 open recommendations. Fully implementing these open recommendations could significantly improve SSA's operations.

SSA implemented four priority recommendations since our April 2020 letter:

- SSA is updating its Debt Management System to prevent staff from administratively waiving Disability Insurance overpayments over \$1,000 and to ensure staff retain sufficient evidence supporting waiver decisions to facilitate monitoring and oversight. These actions should help ensure waivers are processed correctly and overpayments are not waived in error.
- To address Disability Insurance (DI) overpayments that result from the concurrent receipt of Federal Employees' Compensation Act (FECA) benefits, SSA conducted a cost-benefit analysis, as we recommended, and concluded that the benefits of establishing a data exchange with DOL for FECA program data outweigh the costs. As discussed below, the data exchange is in the process of being fully implemented. Once this data exchange is established, SSA will use FECA benefit data to improve efficiencies in its ability to offset or reduce DI benefits when an individual is concurrently receiving FECA benefits.
- SSA established an Enterprise Risk Management (ERM) framework, including a council to provide governance for the agency's ERM function. The council, which includes the agency's Chief Information Officer and Chief Information Security Officer, facilitates

¹ Priority recommendations are those that GAO believes warrant priority attention from heads of key departments or agencies. They are highlighted because, upon implementation, they may significantly improve government operations, for example, by realizing large dollar savings; eliminating mismanagement, fraud, and abuse; or making progress toward addressing a high-risk or fragmentation, overlap, or duplication issue.

² GAO, *Performance and Accountability Report: Fiscal Year 2020*, [GAO-21-4SP](#) (Washington, D.C.: Nov. 16, 2020).

coordination between cybersecurity and ERM functions. This should help SSA address cyber risks in the context of other risks and their potential impacts on the mission of the agency.

- SSA's fraud risk assessment for its representative payee program now considers findings from onsite reviews and audits. In addition, the agency will conduct a risk assessment every 3 years and consider audit findings within 5 years of assessment. These improvements can strengthen oversight of payees to help ensure they are managing beneficiary funds appropriately.

We ask for your continued attention to the three remaining priority recommendations identified in our 2020 letter. We are adding one new recommendation related to improper payments, bringing the total number of priority recommendations to four. (See the enclosure for the list of recommendations.)

The four priority recommendations fall into the two areas listed below.

Ensuring program integrity. It is vital to prevent and recover DI overpayments to beneficiaries. Overpayments can pose a financial hardship for beneficiaries responsible for repaying the debt, result in the loss of taxpayer dollars, and contribute to the weakened financial status of the DI trust fund. We have three priority recommendations in this area.

In July 2015, we recommended that SSA strengthen its internal controls over DI overpayments due to the concurrent receipt of FECA benefits by implementing an alternative approach to self-reporting that yields the greatest net benefits. SSA agreed with this recommendation. According to SSA, as of April 2021, the agency is working with DOL to establish a FECA data exchange. This data exchange will allow SSA to identify DI beneficiaries who also receive FECA benefits through a matching program, which will produce an alert to help recover retroactive overpayments and avoid future overpayments. These efforts will better position SSA to more effectively reduce the potential for overpayments. Completing these efforts would help improve the financial status of the DI program and ensure that SSA does not continue overpaying beneficiaries who may have difficulty repaying debt incurred by overpayments.

In April 2016, we recommended that SSA adjust the minimum amount it recoups from overpaid DI beneficiaries from \$10 to 10 percent withholding from their monthly DI benefit amount. This change would increase scheduled collections and reduce the time it will take to fully recover overpayments. It would also minimize the effect on beneficiaries receiving the lowest monthly benefits, resulting in tens of millions of dollars in overpayment debt recovered over a 5-year period. In addition, it would promote equity in how SSA deals with overpayments across its programs. SSA agreed with this recommendation, and stated that it has submitted legislative proposals, which have been included in the President's budgets for fiscal years 2017 through 2021 to establish a minimum withholding for overpayments of 10 percent of a beneficiary's monthly benefit, but these proposals have not yet been enacted. SSA had previously reported that it is also pursuing this change through regulation, however, as of May 2021, it is no longer doing so due to the pandemic.

In April 2020, we recommended that SSA develop and implement a process to measure the effectiveness of the agency's corrective actions for improper payments in the Old Age, Survivors, and Disability Insurance (OASDI) and Supplemental Security Income (SSI) programs. This process should clearly demonstrate the effect SSA's corrective actions have on reducing improper payments. The agency agreed with this recommendation. As of April 2021, SSA stated that it is identifying and measuring the root causes of improper payments, and is in the process

of documenting corrective actions. The agency plans to continue seeking ways to measure the effectiveness of existing corrective actions, where feasible, but noted challenges in isolating the impact of a single corrective action. By developing and implementing a process to measure the effectiveness of corrective actions for OASDI and SSI improper payments, SSA will be better able to ensure that its actions reduce improper payments.

Protecting vulnerable beneficiaries. It is important to protect vulnerable beneficiaries from fraud or abuse. In this area, we made a recommendation related to the oversight of organizational representative payees that help vulnerable individuals manage their Social Security benefits. In September 2019, we recommended improvements to the model used to target organizational representative payees for onsite reviews used to monitor whether payees are managing beneficiary funds appropriately. Specifically, we recommended that SSA establish a plan and timeframe for periodically reviewing the model's design, consider including additional data sources to enhance the effectiveness of the model, and sufficiently document design decisions so that the development process can be more fully understood and replicated.

SSA agreed with this recommendation and reported in April 2021 that it is revising the model used to identify potentially high-risk organizational payees and finalizing a review of nursing home data as a predictive variable to incorporate in the model. To implement this recommendation, SSA needs to complete these efforts, ensure that its plan documents design decisions, and establish a plan and timeframe for periodically reviewing the model's design.

-- -- -- -- --

In March 2021, we issued our biennial update to our [High-Risk List](#), which identifies government operations that are particularly vulnerable to fraud, waste, abuse, and mismanagement or that are in need of transformation to address challenges of economy, efficiency, or effectiveness.³ Our [High-Risk List](#) has served to identify and help resolve serious weaknesses in areas that involve substantial resources and provide critical service to the public.

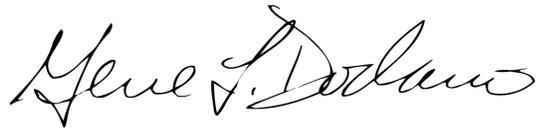
One of our high-risk areas, [improving and modernizing federal disability programs](#), highlights workload challenges and outdated criteria associated with SSA's disability programs. Several other government-wide high-risk areas also have direct implications for SSA and its operations. These include: (1) [improving the management of IT acquisitions and operations](#), (2) [improving strategic human capital management](#), (3) [managing federal real property](#), (4) [ensuring the cybersecurity of the nation](#), and (5) [government-wide personnel security clearance process](#). We urge your attention to these government-wide high-risk issues as they relate to SSA. Progress on high-risk issues has been possible through the concerted actions and efforts of Congress, the Office of Management and Budget (OMB), and the leadership and staff in agencies, including SSA.

Copies of this report are being sent to the Director of the Office of Management and Budget and appropriate congressional committees including the Committees on Appropriations, Budget, and Homeland Security and Governmental Affairs, United States Senate; and the Committees on Appropriations, Budget, and Oversight and Reform, House of Representatives. In addition, the report will be available on the GAO website at <http://www.gao.gov>.

³ GAO, *High-Risk Series: Dedicated Leadership Needed to Address Limited Progress in Most High-Risk Areas*, [GAO-21-119SP](#) (Washington, D.C.: Mar. 2, 2021).

I appreciate SSA's continued commitment to these important issues. If you have any questions or would like to discuss any of the issues outlined in this letter, please do not hesitate to contact me or Cindy Brown Barnes, Managing Director, Education, Workforce, and Income Security at brownbarnesc@gao.gov or 202-512-7215. Our teams will continue to coordinate with your staff on all 59 open recommendations, as well as those additional recommendations in the high-risk areas for which SSA has a leading role. Thank you for your attention to these matters.

Sincerely yours,

A handwritten signature in black ink, reading "Gene L. Dodaro". The signature is written in a cursive style with a large, stylized initial "G".

Gene L. Dodaro
Comptroller General
of the United States

Enclosure

cc: The Honorable Shalanda Young, Acting Director, Office of Management and Budget

Enclosure

Priority Open Recommendations to SSA

Ensuring Program Integrity

Disability Insurance: Actions Needed to Help Prevent Potential Overpayments to Individuals Receiving Concurrent Federal Workers' Compensation. [GAO-15-531](#). Washington, D.C.: July 8, 2015.

Recommendation: To improve SSA's ability to detect, prevent, and recover potential DI benefit overpayments due to the concurrent receipt of FECA benefits, the Commissioner of Social Security should strengthen internal controls designed to prevent DI overpayments due to the concurrent receipt of FECA benefits by implementing the alternative that provides the greatest net benefits.

Action Needed: SSA agreed with this recommendation and, in April 2021, stated that it continues to meet with DOL to discuss a FECA data exchange. SSA plans to use FECA benefit data to improve efficiencies in its ability to offset or reduce DI benefits when an individual is concurrently receiving FECA benefits. To fully implement this recommendation, SSA needs to complete these plans.

Director: Seto Bagdoyan, Forensic Audits and Investigative Service

Contact information: BagdoyanS@gao.gov or (202) 512-6722

Disability Insurance: SSA Needs to Better Track Efforts and Evaluate Options to Recover Debt and Deter Potential Fraud. [GAO-16-331](#). Washington, D.C.: April 13, 2016.

Recommendation: To ensure effective and appropriate recovery of DI overpayments and administration of penalties and sanctions, the Acting Commissioner of the Social Security Administration should adjust the minimum withholding rate to 10 percent of monthly DI benefits to allow quicker recovery of debt.

Action Needed: SSA agreed with this recommendation. The agency stated that it has submitted legislative proposals, which have been included in the President's budgets for fiscal years 2017 through 2021 to establish a minimum withholding for overpayments of 10 percent of a beneficiary's monthly benefit, but these proposals have not been enacted. To fully implement this recommendation, SSA needs to increase the amount of DI overpayments it recovers by adjusting its minimum benefit withholding rate from \$10 per month to 10 percent of monthly benefits.

Director: Elizabeth Curda, Education, Workforce, and Income Security

Contact information: CurdaE@gao.gov or (202) 512-4040

Payment Integrity: Selected Agencies Should Improve Efforts to Evaluate Effectiveness of Corrective Actions to Reduce Improper Payments. [GAO-20-336](#). Washington, D.C.: April 1, 2020.

Recommendation: The Commissioner of SSA should develop and implement a process, documented in policies and procedures, to measure the effectiveness of SSA's corrective

actions for OASDI and SSI improper payments. This process should clearly demonstrate the effect SSA's corrective actions have on reducing improper payments.

Action Needed: SSA agreed with this recommendation. SSA is taking steps to determine the most cost-effective strategies to remediate the underlying causes of payment errors and monitor, measure, and revise the strategies, as needed. As of April 2021, SSA stated that it is identifying and measuring the root causes of improper payments and beginning to document corrective actions. To fully address this recommendation, SSA should finish developing and implement a process that measures the effectiveness of corrective actions for OASDI and SSI improper payments.

Director: Beryl Davis, Financial Management and Assurance

Contact information: davisbh@gao.gov or (202) 512-2623

Protecting Vulnerable Beneficiaries

Social Security Benefits: SSA Needs to Improve Oversight of Organizations that Manage Money for Vulnerable Beneficiaries. [GAO-19-688](#). Washington, D.C.: September 26, 2019.

Recommendation: The Commissioner of the Social Security Administration should (a) establish a plan and time frame for periodically reviewing the predictive model's design; (b) consider additional data sources that would allow for additional screening or modeling of potentially high-risk organizational payees; and (c) ensure that subsequent design decisions are documented in sufficient detail so the development process can be more fully understood and replicated, either by SSA or a knowledgeable third party, with minimal further explanation.

Action Needed: SSA agreed with this recommendation. As of April 2021, SSA officials reported that they are revising the model to identify potentially high-risk organizational payees and finalizing a review of nursing home data to use in the model. To implement this recommendation, SSA needs to complete these efforts and ensure that its plan documents design decisions, and establish a plan and timeframe for periodically reviewing the model's design.

Director: Elizabeth Curda, Education, Workforce, and Income Security

Contact information: CurdaE@gao.gov or (202) 512-4040

This is a work of the U.S. government and is not subject to copyright protection in the United States. The published product may be reproduced and distributed in its entirety without further permission from GAO. However, because this work may contain copyrighted images or other material, permission from the copyright holder may be necessary if you wish to reproduce this material separately.

GAO's Mission

The Government Accountability Office, the audit, evaluation, and investigative arm of Congress, exists to support Congress in meeting its constitutional responsibilities and to help improve the performance and accountability of the federal government for the American people. GAO examines the use of public funds; evaluates federal programs and policies; and provides analyses, recommendations, and other assistance to help Congress make informed oversight, policy, and funding decisions. GAO's commitment to good government is reflected in its core values of accountability, integrity, and reliability.

Obtaining Copies of GAO Reports and Testimony

The fastest and easiest way to obtain copies of GAO documents at no cost is through our website. Each weekday afternoon, GAO posts on its [website](#) newly released reports, testimony, and correspondence. You can also [subscribe](#) to GAO's email updates to receive notification of newly posted products.

Order by Phone

The price of each GAO publication reflects GAO's actual cost of production and distribution and depends on the number of pages in the publication and whether the publication is printed in color or black and white. Pricing and ordering information is posted on GAO's website, <https://www.gao.gov/ordering.htm>.

Place orders by calling (202) 512-6000, toll free (866) 801-7077, or TDD (202) 512-2537.

Orders may be paid for using American Express, Discover Card, MasterCard, Visa, check, or money order. Call for additional information.

Connect with GAO

Connect with GAO on [Facebook](#), [Flickr](#), [Twitter](#), and [YouTube](#).
Subscribe to our [RSS Feeds](#) or [Email Updates](#). Listen to our [Podcasts](#).
Visit GAO on the web at <https://www.gao.gov>.

To Report Fraud, Waste, and Abuse in Federal Programs

Contact FraudNet:

Website: <https://www.gao.gov/about/what-gao-does/fraudnet>

Automated answering system: (800) 424-5454 or (202) 512-7700

Congressional Relations

Orice Williams Brown, Managing Director, WilliamsO@gao.gov, (202) 512-4400, U.S. Government Accountability Office, 441 G Street NW, Room 7125, Washington, DC 20548

Public Affairs

Chuck Young, Managing Director, youngc1@gao.gov, (202) 512-4800, U.S. Government Accountability Office, 441 G Street NW, Room 7149, Washington, DC 20548

Strategic Planning and External Liaison

Stephen J. Sanford, Acting Managing Director, spel@gao.gov, (202) 512-4707, U.S. Government Accountability Office, 441 G Street NW, Room 7814, Washington, DC 20548

