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. 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, and conduct these reviews prior to the effectuation of the DDS determinations. The following table shows the quality assurance accuracy rates for fiscal year (FY) 2015 through FY 2019.

Quality Assurance Reviews Table

	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
Percent of State DDS decisions to allow or continue not returned to the DDS offices for correction	97.7%	97.6%	97.4%	97.3%	97.2%
Number of cases reviewed	29,360	33,010	34,198	32,286	34,915
Number of cases returned to the DDS offices due to error or inadequate documentation	663	796	898	857	967

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 continuing disability review (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 2015 through FY 2019.

DI Pre-Effectuation Reviews Table

	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
Percent of State DDS decisions to allow or continue not returned to the DDS offices for correction	96.4%	95.8%	95.8%	95.5%	95.3%
Number of cases reviewed	293,015	300,440	278,796	255,200	266,474
Number of cases returned to the DDS offices due to error or inadequate documentation	10,647	12,758	11,811	11,585	12,641

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 also use a profiling system to select cases for review. The following table shows the SSI pre-effectuation accuracy rates for FY 2015 through FY 2019.

SSI Pre-Effectuation Reviews Table

	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
Percent of State DDS decisions to allow not returned to the DDS offices for correction	97.1%	96.9%	96.9%	96.7%	96.5%
Number of cases reviewed	104,808	112,875	106,777	98,540	105,729
Number of cases returned to the DDS offices due to error or inadequate documentation	2,988	3,508	3,288	3,297	3,734

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 2015 through FY 2019.

CDR Accuracy Table

	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
Overall accuracy	96.7%	97.1%	96.7%	96.9%	96.7%
Continuance accuracy	97.3%	97.8%	97.6%	98.0%	97.9%
Cessation accuracy	95.0%	94.9%	93.5%	92.9%	92.0%

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 2015 through FY 2018. Data for FY 2019 is not available at this time. We will report the FY 2019 data in our FY 2020 *Agency Financial Report*.

OASDI Accuracy Table

	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
Overpayment accuracy	99.6%	99.8%	99.4%	99.8%	Data not yet available
Underpayment accuracy	99.9%	99.9%	99.9%	99.9%	Data not yet available

SSI Accuracy Table

	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
Overpayment accuracy	93.9%	92.4%	92.7%	91.8%	Data not yet available
Underpayment accuracy	98.6%	98.8%	98.9%	98.5%	Data not yet available

SSI REDETERMINATIONS

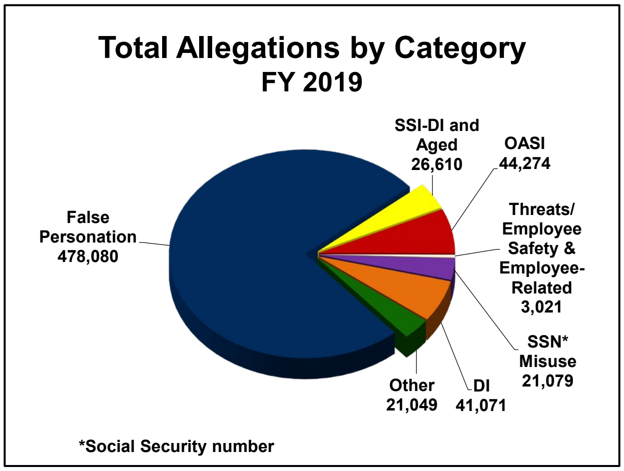
SSI redeterminations are periodic reviews of non-medical factors to ensure that a recipient is still eligible for SSI payments and that we have paid and will continue to pay the recipient the correct amount. The following table shows the number of SSI redeterminations we completed for FY 2014 through FY 2018.

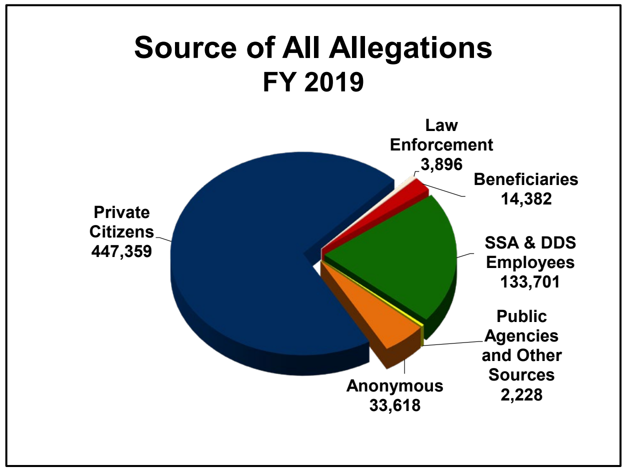
SSI Redeterminations Table
(In Millions)

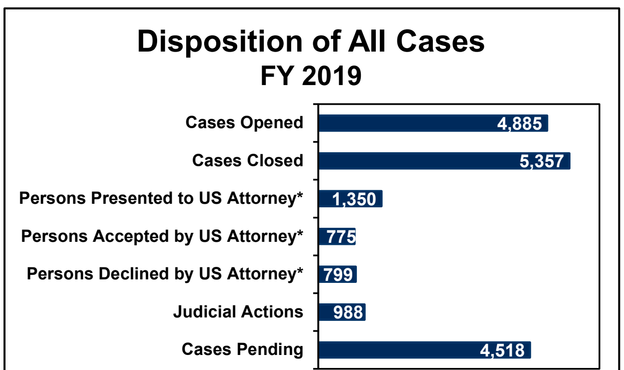
	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
Number of redeterminations completed	2.267	2.530	2.590	2.913	2.667

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

In FY 2019, 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 the agency's assets. Due in part to a widespread telephone scam involving the agency, OIG received a substantially higher volume of allegations during FY 2019. The following charts provide information from our OIG concerning fraud.







*These metrics include the total number of individual subjects or entities referred, accepted, and declined for prosecution by the DOJ where the investigative findings were not subject to pre-established prosecution declination guidelines. Additionally, these metrics are independent of one another. Therefore, persons recorded as declined or accepted during the reporting year may have been presented during a prior year. Similarly, persons presented during the reporting year may not yet have been recorded as declined or accepted.

Fraud Reduction and Data Analytics Act Report

Fraud Reduction and Data Analytics Act

The *Fraud Reduction and Data Analytics Act of 2015* (FRDAA) 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 the FRDAA;

- 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) 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, OAFP 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* and outlines goals and objectives to enhance and expand anti-fraud activities and initiatives. The 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 2019, we continued our annual National Anti-Fraud Training (NAFT), which is mandatory for all agency and State DDS employees. The 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. The FY 2019 NAFT's theme was, "Your Role in Preventing Fraud."

Other anti-fraud efforts include:

- Continuing the expansion of 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 iClaims prevention efforts;
- 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.

Fraud Reduction and Data Analytics 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 $400 million in FY 2018.[1]

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, and we are documenting those specific controls in the fraud risk assessments we are currently conducting. We have also implemented broader controls that apply to several agency programs. Examples include:

- CDI Units: CDI units are joint efforts among SSA, OIG, and various State agencies to investigate potential fraud in the Title II and Title XVI disability programs. According to OIG, CDI units contributed more than $580 million to agency savings over the last 3 fiscal years. At the conclusion of FY 2019, the CDI program consists of 46 units covering 40 States, Washington, DC, the Commonwealth of Puerto Rico, Guam, American Samoa, Northern Mariana Islands, and the U.S. Virgin Islands. In FY 2020, we plan to add four additional CDI units in Nebraska, New Hampshire, Nevada, and Wyoming. 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.
- SRCs: 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. Penalties are 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*

[1] FY 2019 data and figures for estimated avoided losses were not available at time of publication; however, they will be available at the beginning of calendar year 2020.

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.

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 that first fraud risk assessment.

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 FRDAA 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 Fraud Risk Assessment, completed in FY 2018, as well as future fraud risk assessments for Representative Payees, Title II, and Title XVI, assess 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. In FY 2020, we will launch the Allegation Referral Intake System (ARIS), which will replace the current electronic form (SSA-e8551) used by agency and State DDS employees to report suspected programmatic fraud to the OIG. In addition to providing a modern, streamlined interface, ARIS will provide more structured data, enabling improved analysis of allegation data and provide new opportunities for 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 socialsecurity.gov website about measures individuals can take to prevent fraud, such as being aware of phishing scams, creating a *my* Social Security account, and adding eServices or direct deposit fraud prevention blocks on their accounts.

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.

Civil Monetary Penalty Adjustment for Inflation

The *Social Security Act* authorizes the Commissioner to impose a CMP for certain specific violations. Section 1129 of the *Social Security Act* authorizes the imposition of 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 the imposition of a CMP to protect the public from advertisements, solicitations, and other communications (including Internet websites) that may convey the false impression that the communication is approved, endorsed, or authorized by the agency. Section 1140 also prohibits the reproduction and sale of Social Security publications and forms without the agency's authorization and places restrictions on the charging for services that the agency provides to the public without charge. The Commissioner delegated authority to enforce the agency's 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	2019	01/15/2019	$0-$8,457	SSA/OIG	84 Federal Register 360 (January 2019); (www.federalregister.gov/documents/2019/01/24/2019-00091/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	2019	01/15/2019	$0-$7,975	SSA/OIG	84 Federal Register 360 (January 2019); (www.federalregister.gov/documents/2019/01/24/2019-00091/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	2019	01/15/2019	$0-$10,519	SSA/OIG	84 Federal Register 360 (January 2019); (www.federalregister.gov/documents/2019/01/24/2019-00091/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	2019	01/15/2019	$0-$52,596	SSA/OIG	84 Federal Register 360 (January 2019); (www.federalregister.gov/documents/2019/01/24/2019-00091/notice-on-penalty-inflation-adjustments-for-civil-monetary-penalties)

BIENNIAL REVIEW OF USER FEE CHARGES

SUMMARY OF FEES

In FY 2018 and FY 2019, we earned $281 million and $299 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 2019, we charged a fee of $12.21 per payment for the cost of administering State supplemental SSI payments. This fee will increase to $12.41 for FY 2020. 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 2018 review, we identified updates to the uniform standard fee structure for non-programmatic workloads previously implemented in FY 2016. We are planning to perform another review of these fees during FY 2020.

REDUCE THE FOOTPRINT

In 2015, 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 newly established 2015 baseline.

In accordance with Reduce the Footprint guidelines, we developed and implemented a *Real Property Efficiency Plan* to guide the agency in its efforts to comply with OMB's requirements. 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. The agency monitors the continuing implementation and submits to OMB the annual plan, describing the overall approach in managing our real property footprint. The following information reflects the overall change in the agency's real property footprint from the FY 2015 baseline for Reduce the Footprint, as well as strategies we are pursuing to comply with the mandate.

Reduce the Footprint Policy Baseline Comparison

	FY 2015 Baseline	FY 2018	Change from FY 2015 Baseline[2]	FY 2019	Change from FY 2015 Baseline
Useable square footage	11,701,596	11,261,426	-440,170 or -3.8%	Not Available[1]	Not Available[1]

Note:

1. The agency works with the General Services Administration (GSA) to reconcile Reduce the Footprint useable square footage and it will not be available until the second quarter of FY 2020. We will report the FY 2019 data in our FY 2020 *Agency Financial Report*.
2. The Altmeyer building is currently undergoing renovations and is unoccupied; therefore, GSA removed the building from the agency's portfolio until renovations are complete. If the Altmeyer building had remained in our inventory, our useable square footage reduction would have been 301,498 or 2.6 percent.

The agency does not own or directly lease any buildings in its 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.

Operation and Maintenance Cost – Owned and Direct Lease Buildings Table

	FY 2015 Reported Cost	FY 2019	Change
Operation and maintenance cost	Not Applicable	Not Applicable	Not Applicable

We are pursuing the following strategies to comply with OMB's Reduce the Footprint policy:

- Optimizing space by identifying and improving the overall utilization rate in new projects;
- Applying revised Space Allocation Standards for office renovations and space actions, including existing and expiring leases; and
- Pursuing field and hearing office collocation opportunities when it makes business sense and does not adversely affect customer service.

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 2019, we recovered approximately $4.076 billion using both our internal and external collection tools. Over the last 5 years (FY 2015 through FY 2019), we have collected a total of $18.549 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 2019, we recovered $3.752 billion using our internal collection tools, which accounted for about 92 percent of our total collections amount. Over the last 5 years (FY 2015 through FY 2019), we have collected a total of $17.466 billion using our internal collection tools. 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.

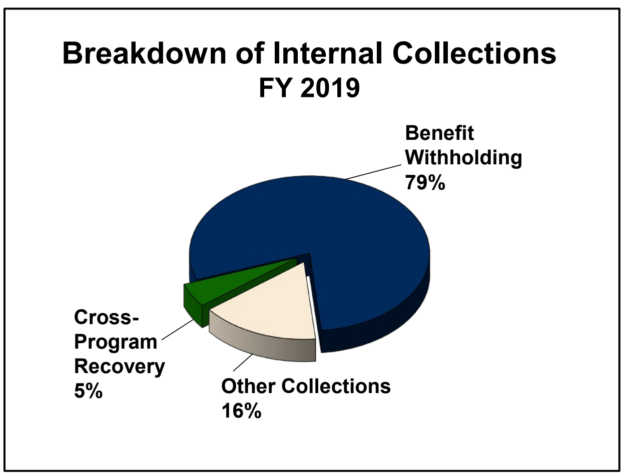
Internal Collections During Fiscal Year 2019
(Dollars in Billions)

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.	$2.084	$0.888	$2.972
Cross-Program Recovery (CPR)	CPR collects OASDI overpayments from monthly SSI payments and underpayments, and SSI overpayments from monthly OASDI benefit payments and underpayments.	$0.029	$0.170	$0.199
Other Collections	These are mostly voluntary payments received because of a notice requesting a refund of an overpayment.	$0.316	$0.265	$0.581
Total Internal Collections	The total amount recovered by utilizing our internal collection tools.	$2.429	$1.323	$3.752

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 2019 $3.752 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 2019, we recovered $324.029 million using our external collection tools, which accounted for about 8 percent of our total collections amount. Over the last 5 years (FY 2015 through FY 2019), we have collected a total of $1.082 billion using our external collection tools. 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.

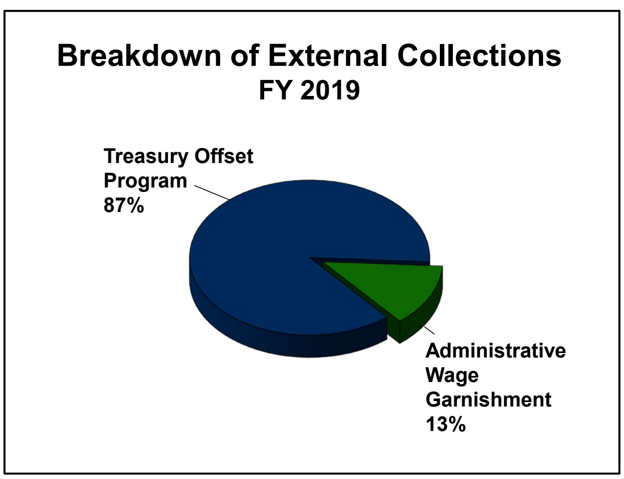
External Collections During Fiscal Year 2019
(Dollars in Billions)

Recovery Method	Description	OASDI	SSI	Total
Treasury Offset Program (TOP)	TOP allows us to collect delinquent debt by tax refund offset, administrative offset, and Federal salary offset.	$0.167	$0.116	$0.284
Administrative Wage Garnishment (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).	$0.030	$0.010	$0.041
Total External Collections	The total amount recovered by utilizing our external collection tools.	$0.198	$0.126	$0.324

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 also 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 still 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 2019 $324.029 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 definitions of certain line items immediately following the Debt Management Activities Program and Administrative Table. For more information on our agency's effort to curb overpayments, please refer to the *Payment Integrity* report immediately following this section.

A Title II system design process limitation exists concerning long-term withholding agreements that extend past the year 2049, where the Recovery of Overpayments, Accounting and Reporting system cannot capture and track debt scheduled for collection beyond the year 2049. This limitation is noted in the July 2011 GAO 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 do so recognizing that a portion of this debt will prove uncollectible because some plans exceed beneficiaries' expected lifetimes. We estimate that approximately 60,400 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 $720 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 Debt Management Product in FY 2021.

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 2019 Quarterly Debt Management Activities Program and Administrative Table
(Dollars in Millions)

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
Total receivables	$24,640	$24,731	$25,068	$25,834
New receivables	1,695	3,396	5,339	7,899
Total collections	(1,036)	(2,084)	(3,056)	(4,215)
Adjustments	(297)	(653)	(991)	(1,431)
Total write-offs	(206)	(412)	(708)	(903)
- Waivers	(91)	(192)	(290)	(390)
- Terminations	(115)	(220)	(418)	(513)
Aging schedule of debts:				
- Non delinquent debt	13,576	13,828	14,053	14,445
- Delinquent debt				
- 120 days or less	1,824	1,563	1,624	1,737
- 121 days to 10 years	8,120	8,195	8,215	8,432
- Over 10 years	1,120	1,145	1,176	1,220
- Total delinquent debt	$11,064	$10,903	$11,015	$11,389

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

	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
Total receivables	$19,361	$21,014	$22,644	$24,484	$25,834
New receivables	5,865	6,420	7,602	7,943	7,899
Total collections	(3,692)	(3,604)	(3,888)	(3,992)	(4,215)
Adjustments	(446)	(536)	(1,297)	(1,333)	(1,431)
Total write-offs	(618)	(627)	(787)	(778)	(903)
- Waivers	(342)	(275)	(339)	(329)	(390)
- Terminations	(276)	(352)	(448)	(449)	(513)
Non delinquent debt	12,210	12,984	13,628	14,272	14,445
Total delinquent debt	$7,151	$8,030	$9,016	$10,212	$11,389
Percentage Analysis					
% of outstanding debt:					
- Non delinquent	63.1%	61.8%	60.2%	58.3%	55.9%
- Delinquent	36.9%	38.2%	39.8%	41.7%	44.1%
% of debt estimated to be uncollectible*	24.2%	42.7%	42.6%	43.5%	45.7%
% of debt collected	19.1%	17.2%	17.2%	16.3%	16.3%
% change in collections from prior fiscal year	0.2%	-2.4%	7.9%	2.7%	5.6%
% change in delinquencies from prior fiscal year	12.5%	12.3%	12.3%	13.3%	11.5%
Clearances as a % of total receivables	22.3%	20.1%	20.6%	19.5%	19.8%
- Collections as a % of clearances	85.7%	85.2%	83.2%	83.7%	82.4%
- Write-offs as a % of clearances	14.3%	14.8%	16.8%	16.3%	17.6%
Other Analysis					
Cost to collect $1	$0.07	$0.07	$0.07	$0.07	$0.06
Average number of months to clear receivables:					
- OASI	16	17	15	16	16
- DI	62	55	44	45	45
- SSI	43	42	43	43	49

Note:

1. *The percentage is derived from Allowance for Doubtful Accounts found in footnote 6 of the financial statements.

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.