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

Compliance with Section 803(a) of the Federal Financial Management Improvement Act (FFMIA)		
	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. USSGL 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) 2013 through FY 2017.

Quality Assurance Reviews Table

	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Percent of State DDS decisions to allow or continue not returned to the DDS offices for correction	98.1%	98.1%	97.7%	97.6%	97.4%
Number of cases reviewed	31,672	29,780	29,360	33,010	34,198
Number of cases returned to the DDS offices due to error or inadequate documentation	608	577	663	796	898

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 2013 through FY 2017.

DI Pre-Effectuation Reviews Table

	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Percent of State DDS decisions to allow or continue not returned to the DDS offices for correction	97.1%	96.9%	96.4%	95.8%	95.8%
Number of cases reviewed	333,159	316,306	293,015	300,440	278,796
Number of cases returned to the DDS offices due to error or inadequate documentation	9,619	9,689	10,647	12,758	11,811

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 2013 through FY 2017.

SSI Pre-Effectuation Reviews Table

	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Percent of State DDS decisions to allow not returned to the DDS offices for correction	97.7%	97.6%	97.1%	96.9%	96.9%
Number of cases reviewed	109,645	105,628	104,808	112,875	106,777
Number of cases returned to the DDS offices due to error or inadequate documentation	2,530	2,562	2,988	3,508	3,288

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 2013 through FY 2017.

CDR Accuracy Table

	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Overall accuracy	97.2%	97.6%	96.7%	97.1%	96.7%
Continuance accuracy	98.0%	98.3%	97.3%	97.8%	97.6%
Cessation accuracy	95.1%	95.5%	95.0%	94.9%	93.5%

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 2013 through FY 2016. Data for FY 2017 is not available at this time. We will report the FY 2017 data in our FY 2018 *Agency Financial Report*.

OASDI Accuracy Table

	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Overpayment accuracy	99.8%	99.5%	99.6%	99.8%	Data not yet available
Underpayment accuracy	99.9%	99.9%	99.9%	99.9%	Data not yet available

SSI Accuracy Table

	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Overpayment accuracy	92.4%	93.0%	93.9%	92.4%	Data not yet available
Underpayment accuracy	98.3%	98.5%	98.6%	98.8%	Data not yet available

SSI REDETERMINATIONS

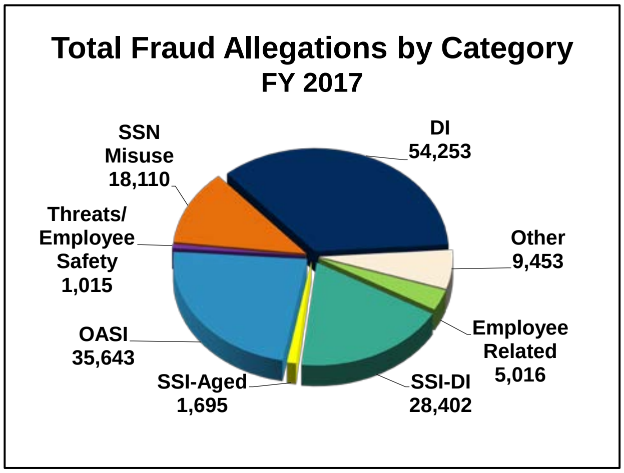
SSI redeterminations are periodic reviews of non-medical factors to ensure that a recipient is still eligible for SSI payments and that we have paid and will continue to pay the recipient the correct amount. The following table shows the number of SSI redeterminations we completed for FY 2013 through FY 2017.

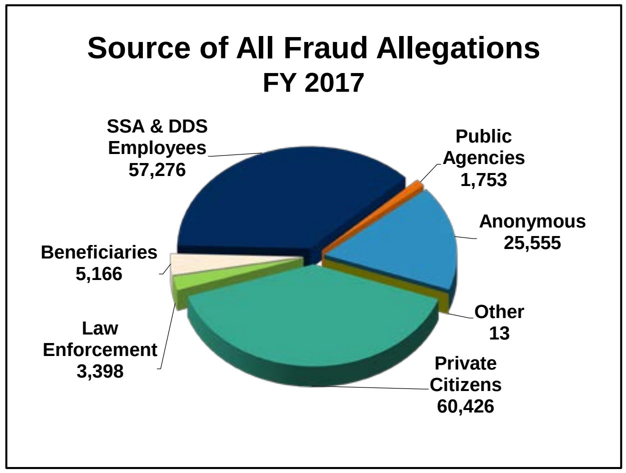
SSI Redeterminations Table
(In Millions)

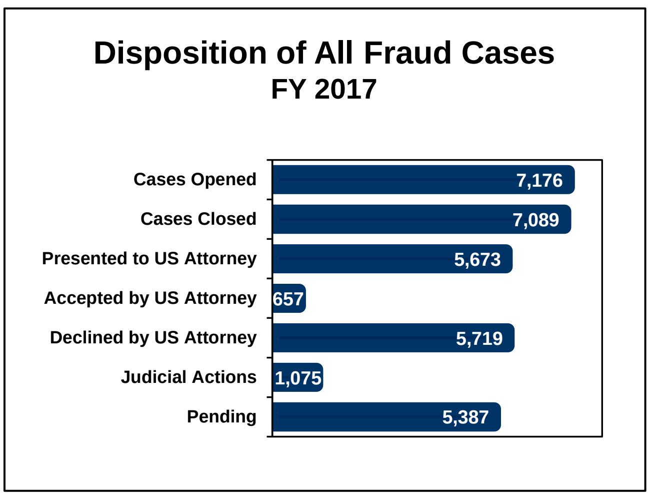
	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Number of redeterminations completed	2.634	2.628	2.267	2.530	2.590

THE OFFICE OF THE INSPECTOR GENERAL'S ANTI-FRAUD ACTIVITIES

In FY 2017, we worked with our Office of the Inspector General (OIG), the U.S. Department of Justice, 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. The following charts provide information from our OIG concerning fraud.







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 agency's progress in the 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 contain our progress in:

- Implementing financial and administrative controls, such as fraud risk principle 8 in the *Standards for Internal Control in the Federal Government*, and Office of Management and Budget (OMB) Circular No. A-123, *Management's Responsibility for Enterprise Risk Management and Internal Control*, which calls for agencies to adhere to the leading practices for managing fraud risk;

- Identifying risks and vulnerabilities to fraud; and
- Establishing strategies, procedures, and other steps to curb fraud.

OUR ANTI-FRAUD EFFORTS

As good stewards of our resources and taxpayer funds, we remain focused on the integrity of our programs. We take seriously our responsibility to detect, deter, and mitigate fraud. We have zero tolerance for fraud, and we work tirelessly to protect the American public from fraud in our programs.

In March of 2014, after reviewing and reporting on our practices, and in response to reported fraud cases, we re-established our National Anti-Fraud Committee. This committee of senior-level executives, co-chaired by the Deputy Commissioner for Budget, Finance, and Management (formerly Budget, Finance, Quality, and Management) and our Inspector General, is a focal point for our anti-fraud efforts that support national and regional strategies to combat fraud, waste, and abuse.

In December 2014, to continue our commitment to protect our programs from fraud and to identify an entity within the agency to lead fraud risk management (FRM) activities, we established the Office of Anti-Fraud Programs to provide centralized oversight and accountability for initiatives to detect, deter, and mitigate fraud while focusing on:

- Centralizing anti-fraud data analytics;
- Monitoring and supporting our anti-fraud initiatives;
- Formulating new anti-fraud initiatives;
- Developing consistent anti-fraud policies and processes;
- Leading the agency's FRM activities;
- Aligning our anti-fraud efforts with industry standards; and
- Partnering with OIG, whose mission includes fraud investigation.

FRDAA REPORTING REQUIREMENTS

IMPLEMENTING FINANCIAL AND ADMINISTRATIVE CONTROLS

We use data analytics to enhance detection of potential fraud and have developed analytical tools to determine common characteristics and patterns to help uncover potential fraud and other suspicious behavior. Data analytics present an opportunity to maximize our resources and better organize efforts to explore and develop the future of fraud analyses and oversight. In addition to data analytics, we have financial and administrative controls in place to detect, deter, and mitigate fraud.

Examples of these controls include:

- Anti-Fraud Communications Campaign (AFCC): AFCC is a multi-year campaign to convey the agency's anti-fraud messaging and promote continued expansion of anti-fraud capabilities.
- Anti-Fraud Data Analytics: Anti-Fraud Data Analytics improve fraud prevention and detection, enabling us to identify and track suspicious or potentially fraudulent transactions and take appropriate preventive and corrective actions.
- Administrative Sanctions: Administrative sanctions are penalties for making false or misleading statements, or withholding material information in certain circumstances. Penalties are nonpayment of Title II benefits and ineligibility for Title XVI payments for specified periods.
- Anti-Fraud Training: Agency employees and DDS employees are required to complete annual anti-fraud training. The training provides information to protect programs from fraud originating internally and

externally, and enables employees to remain informed on the current and proper means to support the agency's efforts to detect and prevent fraud.

- 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.
- Cooperative Disability Investigation (CDI) Units: CDI units are joint efforts among SSA, OIG, and various State agencies to pool effective resources to investigate potential fraud in Title II and Title XVI disability programs. According to OIG, CDI units contributed more than $1 billion to agency savings over the last 3 fiscal years.
- Fraud Prevention Units (FPU): FPUs are specialized fraud units comprised of examiners dedicated to determining and acting on probable fraud cases and compiling data from the cases to help the agency further develop analytical tools for identification of potential fraud.
- Fraud Prosecution Project: The goal of this project is to increase the number of prosecutions for crimes involving Social Security matters. To support this project, the Office of the General Counsel has provided attorneys to serve as Special Assistant United States Attorneys (fraud prosecutors) in many of the Federal districts where we have regional offices and at our headquarters in Baltimore, MD.

IDENTIFYING RISKS AND VULNERABILITIES TO FRAUD

Preventing and combatting fraud is core to our agency's values, and we have various tools in place and under development to help us succeed. In FY 2017, we procured software that will serve as the basis for the Anti-Fraud Enterprise Solution (AFES). AFES allows us to replace and expand our current anti-fraud systems and processes. AFES will integrate data from multiple sources and use industry-proven predictive analytics techniques to identify high-risk transactions that require further review.

AFES directly supports the agency goal to "Strengthen the Integrity of Our Programs" -- specifically to protect the public's data, provide secure online services, and increase payment accuracy. It also supports the agency's efforts to meet the requirements of FRDAA that reference and mandate the Government Accountability Office's (GAO) *Framework for Managing Fraud Risks in Federal Programs*. Over a five-year phased implementation, we plan to develop, integrate, test, and implement AFES throughout the agency's lines of business, beginning with eServices and the disability program in FY 2017.

In FY 2018, we plan to explore redesign of the e8551 allegation referral process as part of AFES. This redesign will provide a modernized process for agency and DDS employees to develop and refer allegations of potential fraud involving agency programs and operations to OIG.

In addition, in accordance with the requirements set forth in OMB Circular No. A-123, we established our initial risk profile. Implementation of an Enterprise Risk Management (ERM) framework will improve strategic and risk mitigation decision-making throughout the agency by allowing managers to have a better understanding of inherent risks. As we move forward with a more mature ERM model, our goal is to cultivate a more risk-aware culture throughout the agency and incorporate risk as a significant factor in decision-making. We began conducting fraud risk assessments of our programs in FY 2017, beginning with the disability program. As part of our enterprise fraud risk management strategy, on a recurring schedule, we will conduct fraud risk assessments on our other major lines of business as appropriate, for example, payroll, beneficiary payments, grants, large contracts and purchase and travel cards.

We established a plan to develop a fraud risk profile to satisfy the requirements of OMB Circular No. A-123. The steps in development of a risk profile unique to the agency are:

- Identify agency objectives and risk categories;

- Map and validate agency functions and processes to agency objectives;
- Develop a risk register;
- Engage managers and subject matter experts in evaluating inherent risk;
- Manage the identification of existing risk responses and the assessment of their effectiveness;
- Analyze risk data and assemble it into a draft risk profile; and
- Vet the draft profile, incorporate necessary revisions, and prepare the final risk profile.

ESTABLISHING STEPS TO CURB FRAUD

We are dedicated to protecting the integrity of our programs as stewards of taxpayers' money. We must be vigilant in our anti-fraud efforts as combatting fraud is an ongoing and evolving process. We are committed to establishing strategies and procedures and taking necessary steps to curb fraud and preserve the public's trust in our programs.

Our *Anti-Fraud Strategic Plan* emphasizes our commitment to developing a comprehensive, unified anti-fraud program, and identifies our goals, objectives, and strategies to mitigate fraud in our programs. This plan is consistent with GAO's framework that identifies leading practices for managing fraud risks and control activities to prevent, detect, and respond to fraud in Federal programs. In addition, this plan aligns with the critical goal in our *Agency Strategic Plan* (www.socialsecurity.gov/agency/asp/materials/pdfs/plan-2014-2018.pdf) to "Strengthen the Integrity of Our Programs."

Our Anti-Fraud Strategic Goals are:

Goal 1: *Build an Organizational Culture Conducive of Fraud Risk Management*;

Goal 2: *Strengthen Our Programs through Assessment and Monitoring*;

Goal 3: *Implement a Comprehensive Approach to Fraud Risk Management*; and

Goal 4: *Conduct Outreach and Ongoing Communication Activities on Our Anti-Fraud Efforts*.

As previously noted, we began conducting fraud risk assessments of our programs in FY 2017. In FY 2018, we will ensure our fraud risk assessments are consistent with leading practices, and we will develop a plan for regularly updating the assessments. We will identify and assess risks and prioritize them to address those risks with the highest potential impact first. We will continue to communicate our anti-fraud strategies to employees and other stakeholders, and link our anti-fraud efforts to other risk management activities.

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 a CMP against anyone who makes any false statements, misrepresentations, or omissions, who fails to report material information, and representative payees who commit conversions in connection with obtaining or retaining benefits or payments under Titles II, VIII, and XVI of the *Social Security Act*. Section 1140 of the *Social Security Act* authorizes CMPs 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 Social Security Administration. Section 1140 also prohibits the reproduction and sale of Social Security publications and forms without authorization and generally prohibits charging for services that the Social Security Administration provides to the public without charge. The Commissioner delegated authority to enforce both sections 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” adjustments and the initial annual adjustment. 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)	1994	2017	01/15/2017	$0-8,084	SSA/OIG	Federal Register 81 (December 2016): 96161-96161. (www.federalregister.gov/documents/2016/12/29)
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)	2015	2017	01/15/2017	$0-7,623	SSA/OIG	Federal Register 81 (December 2016): 96161-96161. (www.federalregister.gov/documents/2016/12/29)
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)	1988	2017	01/15/2017	$0-50,276	SSA/OIG	Federal Register 81 (December 2016): 96161-96161. (www.federalregister.gov/documents/2016/12/29)
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)	1988	2017	01/15/2017	$0-10,055	SSA/OIG	Federal Register 81 (December 2016): 96161-96161. (www.federalregister.gov/documents/2016/12/29)

BIENNIAL REVIEW OF USER FEE CHARGES

SUMMARY OF FEES

In FY 2016 and FY 2017, we earned $314 million and $288 million in user fees, respectively. This revenue accounted for less than one percent of our total financing sources. We derive over 74 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 2017, we charged a fee of $11.68 per payment for the cost of administering State supplemental SSI payments. This fee will increase to $11.87 for FY 2018. 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 2016 review, we identified updates to the uniform standard fee structure for non-programmatic workloads previously implemented in FY 2014. We are planning to perform another review of these fees during FY 2018.

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 called 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 new Reduce the Footprint guidelines, we developed and implemented a *Real Property Efficiency Plan* to guide the agency in our 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.

The agency does not own or directly lease any buildings in its inventory. Per Federal Management Regulation, Subchapter C, the General Services Administration (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.

Square Footage Table

	FY 2015 Baseline	FY 2016	Change from FY 2015 Baseline	FY 2017	Change from FY 2015 Baseline
Useable square footage	11,701,596	11,526,841	-174,755 or -1.5%	Not Available[1]	Not Available[1]

Note:

1. The agency works with GSA to reconcile Reduce the Footprint useable square footage and it will not be available until the second quarter of FY 2018. We will report the FY 2017 data in our FY 2018 *Agency Financial Report*.

Operation and Maintenance Cost – Owned and Direct Lease Buildings Table

	FY 2015 Reported Cost	FY 2017	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:

- Analyzing rent trend projections, while evaluating market gap opportunities to identify locations where it makes sense to renegotiate lower rent rates with lessors;
- Optimizing space use by identifying and improving the overall use rate in new projects;
- Reviewing field and hearing office Federal building occupancies to determine if the current space meets our agency's business and mission needs based on current space standards and staffing levels;

- Pursuing field and hearing office collocation opportunities when it makes business sense and does not adversely affect customer service; and
- Continuing to phase in telework, which may present opportunities for future office space reductions.

GRANTS OVERSIGHT AND NEW EFFICIENCY ACT REPORTING

The *Grants Oversight and New Efficiency Act* 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 their 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	>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 2017, we recovered approximately $3.89 billion using both our internal and external collection tools. Over the last 5 years (FY 2013 through FY 2017), we have collected a total of $17.32 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 2017, we recovered $3.699 billion using our internal collection tools, which accounted for about 95 percent of our total collections amount. Over the last 5 years (FY 2013 through FY 2017), we have collected a total of $16.32 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.

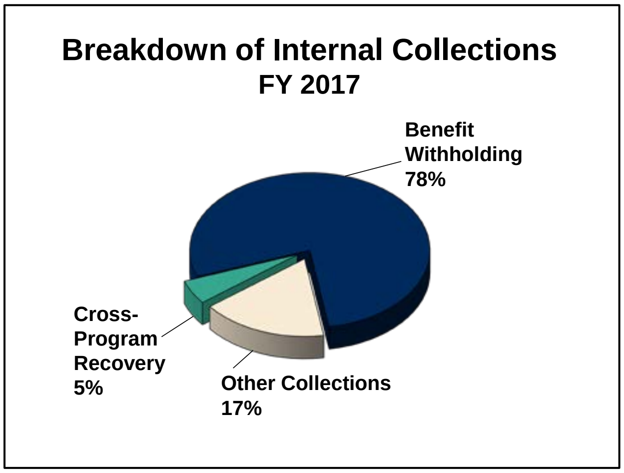
Internal Collections During Fiscal Year 2017
(Dollars in Billions)

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.	$2.068	$0.830	$2.898
Cross-Program Recovery (CPR)	CPR collects OASDI overpayments from monthly SSI payments and underpayments, and SSI overpayments from monthly OASDI benefit payments and underpayments.	$0.025	$0.158	$0.183
Other Collections	These are mostly voluntary payments received because of a notice requesting a refund of an overpayment.	$0.361	$0.258	$0.618
Total Internal Collections	The total amount recovered by utilizing our internal collection tools.	$2.454	$1.246	$3.699

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 2017 $3.699 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 2017, we recovered $188.10 million using our external collection tools, which accounted for about 5 percent of our total collections amount. Over the last 5 years (FY 2013 through FY 2017), we have collected a total of $1 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.

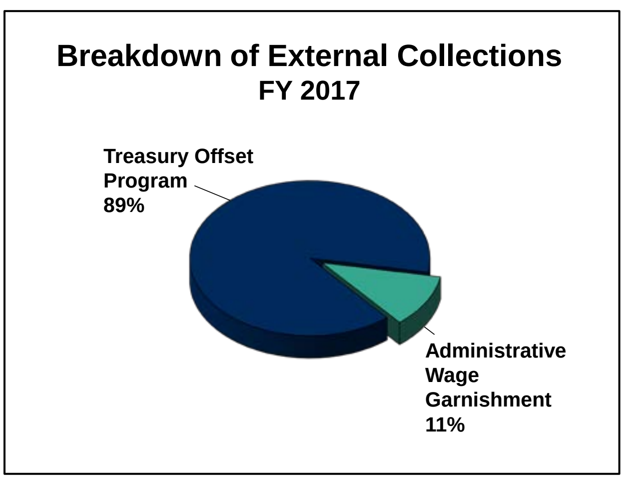
External Collections During Fiscal Year 2017
(Dollars in Billions)

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.	$0.098	$0.070	$0.168
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).	$0.016	$0.004	$0.020
Total External Collections	The total amount recovered by utilizing our external collection tools.	$0.114	$0.074	$0.188

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 2017 $188.10 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.

We identified a system limitation in the processing of certain overpayments. In July 2011,GAO issued an audit report on the DI program entitled, "*Disability Insurance: SSA Can Improve Efforts to Detect, Prevent, and Recover Overpayments*." In that audit, GAO identified an OASDI system limitation concerning long-term withholding agreements that extend past the year 2049. 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 44,000 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 $540 million. This amount is not material to the consolidated financial statements.

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 2017 Quarterly Debt Management Activities Program and Administrative Table
(Dollars in Millions)

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
Total receivables	$21,182	$21,510	$21,844	$22,644
New receivables	1,520	3,299	5,065	7,602
Total collections	(963)	(1,866)	(2,731)	(3,888)
Adjustments	(245)	(600)	(934)	(1,297)
Total write-offs	(144)	(337)	(570)	(787)
- Waivers	(68)	(156)	(249)	(339)
- Terminations	(76)	(181)	(321)	(448)
Aging schedule of debts:				
- Non delinquent debt	12,436	12,880	13,050	13,628
- Delinquent debt				
- 180 days or less	1,940	1,696	1,712	1,791
- 181 days to 10 years	5,961	6,066	6,177	6,288
- Over 10 years	845	868	905	937
- Total delinquent debt	$8,746	$8,630	$8,794	$9,016

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

	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Total receivables	$17,046	$18,252	$19,361	$21,014	$22,644
New receivables	5,616	5,976	5,865	6,420	7,602
Total collections	(3,817)	(3,686)	(3,692)	(3,604)	(3,888)
Adjustments	(391)	(309)	(446)	(536)	(1,297)
Total write-offs	(950)	(775)	(618)	(627)	(787)
- Waivers	(421)	(373)	(342)	(275)	(339)
- Terminations	(529)	(402)	(276)	(352)	(448)
Non delinquent debt	11,268	11,895	12,210	12,984	13,628
Total delinquent debt	$5,778	$6,357	$7,151	$8,030	$9,016
Percentage Analysis					
% of outstanding debt:					
- Non delinquent	66.1%	65.2%	63.1%	61.8%	60.2%
- Delinquent	33.9%	34.8%	36.9%	38.2%	39.8%
% of debt estimated to be uncollectible*	26.3%	25.5%	24.2%	42.7%	42.6%
% of debt collected	22.4%	20.2%	19.1%	17.2%	17.2%
% change in collections from prior fiscal year	4.2%	-3.4%	0.2%	-2.4%	7.9%
% change in delinquencies from prior fiscal year	15.6%	10.0%	12.5%	12.3%	12.3%
Clearances as a % of total receivables	28.0%	24.4%	22.3%	20.1%	20.6%
- Collections as a % of clearances	80.1%	82.6%	85.7%	85.2%	83.2%
- Write-offs as a % of clearances	19.9%	17.4%	14.3%	14.8%	16.8%
Other Analysis					
Cost to collect $1	$0.07	$0.07	$0.07	$0.07	$0.07
Average number of months to clear receivables:					
- OASI	15	15	16	17	15
- DI	66	55	62	55	44
- SSI	38	39	43	42	43

Note:

*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.