



**SOCIAL SECURITY**  
Office of the Inspector General

September 27, 2012

The Honorable Tom Coburn, MD  
United States Senate  
Russell Senate Office Building, Room 172  
Washington, D.C. 20510-3604

Dear Senator Coburn:

In a March 30, 2011 letter, you asked that we conduct a follow-up review to our April 2008 report on Supplemental Security Income recipients with automated teller machine withdrawals indicating they are outside the United States.

To ensure the Agency is aware of the information provided to your office, we are forwarding it a copy of this report.

If you have any questions concerning this matter, please call me or have your staff contact Misha Kelly, Special Agent-in-Charge of Congressional Affairs, at (202) 358-6319.

Sincerely,

Patrick P. O'Carroll, Jr.  
Inspector General

Enclosure

cc:  
Michael J. Astrue

# ***CONGRESSIONAL RESPONSE REPORT***

## ***Supplemental Security Income Recipients with Automated Teller Machine Withdrawals Outside the United States***

**A-01-11-01122**



September 2012

## **Mission**

**By conducting independent and objective audits, evaluations and investigations, we inspire public confidence in the integrity and security of SSA's programs and operations and protect them against fraud, waste and abuse. We provide timely, useful and reliable information and advice to Administration officials, Congress and the public.**

## **Authority**

**The Inspector General Act created independent audit and investigative units, called the Office of Inspector General (OIG). The mission of the OIG, as spelled out in the Act, is to:**

- Conduct and supervise independent and objective audits and investigations relating to agency programs and operations.**
- Promote economy, effectiveness, and efficiency within the agency.**
- Prevent and detect fraud, waste, and abuse in agency programs and operations.**
- Review and make recommendations regarding existing and proposed legislation and regulations relating to agency programs and operations.**
- Keep the agency head and the Congress fully and currently informed of problems in agency programs and operations.**

**To ensure objectivity, the IG Act empowers the IG with:**

- Independence to determine what reviews to perform.**
- Access to all information necessary for the reviews.**
- Authority to publish findings and recommendations based on the reviews.**

## **Vision**

**We strive for continual improvement in SSA's programs, operations and management by proactively seeking new ways to prevent and deter fraud, waste and abuse. We commit to integrity and excellence by supporting an environment that provides a valuable public service while encouraging employee development and retention and fostering diversity and innovation.**

## OBJECTIVE

Our objective was to assess the Social Security Administration's (SSA) efforts to identify and prevent improper payments to Supplemental Security Income (SSI) recipients who are outside the United States.

## BACKGROUND

SSA requires that SSI recipients report events and changes of circumstances that may affect their eligibility and payment amounts—including periods of absence from the United States.<sup>1</sup> SSA field offices are required to remind individuals of their reporting responsibilities during face-to-face and telephone discussions. Furthermore, field offices are instructed to emphasize these reporting requirements to non-citizens and foreign-born recipients.<sup>2</sup>

Generally, SSI recipients are ineligible for payments once they are absent from the United States for 30 consecutive days.<sup>3</sup> Those individuals who re-enter the United States after such an absence are not eligible for payments until they have been in the United States for 30 consecutive days.<sup>4</sup> When SSA is made aware that an individual returns to the United States after being absent for 30 days or longer, it can conduct an unscheduled redetermination to determine the extent of the residency violation.<sup>5</sup>

In April 2008, we issued the report on *Supplemental Security Income Recipients with Automated Teller Machine Withdrawals Indicating They Are Outside the United States*.<sup>6</sup> From a sample of 250 SSI recipients, we identified 10 recipients (4 percent) who were outside the United States for longer than 30 days. Based on these sample results, we

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<sup>1</sup> 20 C.F.R. §§ 416.701 and 416.708(m) and (n).

<sup>2</sup> SSA, POMS, SI 02301.225 C2 (May 12, 2000).

<sup>3</sup> *Social Security Act* § 1611(f), 42 U.S.C. § 1382(f); See also 20 C.F.R. § 416.215. There are exceptions for certain blind or disabled children of military parents stationed overseas and students who are temporarily abroad for study purposes. See also 20 C.F.R. § 416.216; SSA, POMS, SI 00501.415 (June 12, 2006) and SI 00501.411 (June 14, 1996).

<sup>4</sup> *Social Security Act* § 1611(f)(1), 42 U.S.C. § 1382(f)(1); See also, 20 C.F.R. § 416.215.

<sup>5</sup> An unscheduled redetermination is a review of an SSI recipient's non-medical eligibility factors (that is, income, resources, and living arrangements) to determine whether the recipient is still eligible for and receiving the correct SSI payment. This review occurs when a change is reported that affects eligibility or payment amount and no scheduled redetermination is pending. See also 20 C.F.R. § 416.204(b)(2); SSA, POMS, SI 02305.001 (October 4, 2007) and SI 02305.022 (October 14, 2011).

<sup>6</sup> SSA OIG, *Supplemental Security Income Recipients with Automated Teller Machine Withdrawals Indicating They Are Outside the United States* (A-01-07-17036), April 2008.

estimated that overpayments totaling approximately \$226.2 million to about 40,560 recipients went undetected because SSA was unaware the recipients were absent from the United States.

On March 30, 2011, we received a request from Senator Coburn to follow up on our 2008 report. (For a copy of the congressional request, see Appendix B.) We were asked to

- ✓ conduct a new analysis to determine the current extent of SSI overpayments to individuals outside the United States,
- ✓ determine whether SSA took action on the recommendation from our prior audit, and
- ✓ report the effectiveness of action taken by SSA to reduce SSI payments to individuals outside the United States.

To conduct this review, we used the same methodology in selecting our population that was used in our 2008 audit. Using this same approach, we identified 1.1 million SSI recipients in current payment status as of February 2011 who had direct deposit bank information and were foreign-born citizens. We then grouped the records by bank routing transit number and sampled 250 records from 1 bank with a large proportion of SSI recipients. Similar to our prior audit, we considered the characteristics and findings observed for the selected bank to represent any bank providing services to SSI recipients. For each sampled case, we subpoenaed bank statements for a 24-month period. For those with foreign activity spanning more than 30 days, we then requested that SSA contact the individuals to verify whether they were absent from the United States.<sup>7</sup> (For additional scope and methodology information, see Appendix C.)

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<sup>7</sup> Under SSA's regulations, the agency sends written notice to SSI recipients whenever a determination is made that more than the correct amount was paid to them. The written notice informs recipients of the correct and incorrect benefit amounts, that adjustment or recovery of the overpayment is required, and of the recipients' right, under certain specified conditions, to request waiver of adjustment or recovery of the overpayment. See 20 C.F. R. § 416.558.

# Results of Review

Based on our review of bank statements for 250 sample cases

- 3 recipients were improperly paid \$18,828 in SSI payments because they were absent from the United States for more than 30 consecutive days;
- 10 recipients had less than 30 days of foreign activity on their bank statements;<sup>8</sup>
- 203 recipients did not have any foreign transactions on their bank statements; however, 3 of these recipients informed us that they had been outside the United States; and
- 34 recipients could not be verified, for various reasons.<sup>9</sup>

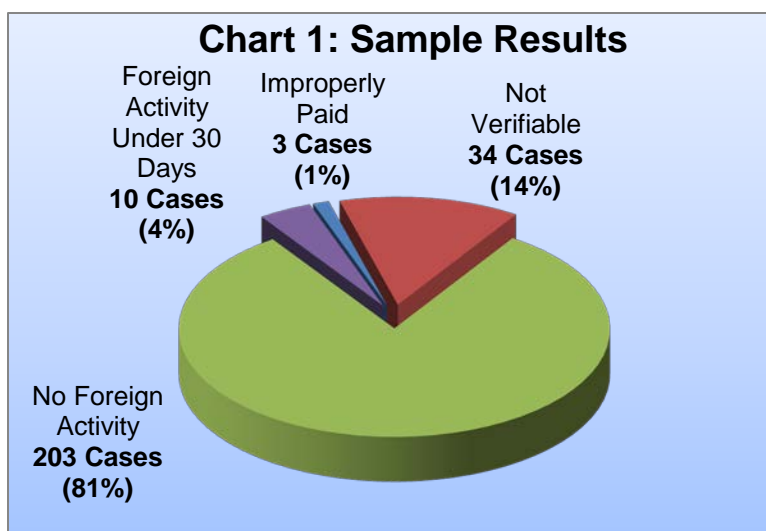


Table 1 compares our current and prior audits. (For a comparison of the population data, see Table C-2 in Appendix C of this report.)

Table 1: Comparison of Current and Prior Audits			
	Current Audit	Prior Audit	Difference
Payment receipt date of population when identified	February 2011	May 2006	5 years
Sample size	250	250	0%
Number of recipients outside the United States for longer than 30 days	3	10	(70)%
Percent of sample cases outside the United States for longer than 30 days	1.2%	4.0%	(70)%
Overpayments from sample	\$18,828	\$55,767	(66)%

<sup>8</sup> For these cases, we did not see multiple foreign transactions spanning a consecutive 30-day period to indicate the individual may have been outside the United States for at least 30 days. We referred three of these cases to SSA for questionable foreign activity spanning more than 30 days, but the Agency determined there were no findings.

<sup>9</sup> We were unable to review these 34 recipients because 18 were no longer in pay status, 6 had removed their direct deposit information for the bank we sampled from, 7 were not available from the bank's records, and 3 did not consent to our request of their financial information. In our prior audit, we were unable to review 5 recipients because 4 died and 1 did not consent to our request of their financial information.

## CASES WITH FOREIGN ACTIVITY LONGER THAN 30 CONSECUTIVE DAYS

We found three cases with foreign transactions in the form of (1) withdrawals and/or balance queries from automated teller machines, and (2) international transaction fees charged by the bank. On average, these individuals were outside the United States for 14 months with an average overpayment of \$6,276.

For example, we found numerous foreign transactions on bank statements from December 2009 through March 2010 and February through August 2011, on behalf of an SSI recipient from California. Specifically, these transactions originated from Hanoi, Vietnam, and comprised cash withdrawals from automated teller machines, balance inquiries, and international transaction fees. The last redetermination SSA scheduled and processed for this individual was in August 2002. We referred this case to SSA, which assessed a \$5,262 overpayment.

We provided these three cases to SSA in May 2012. As of August 2012, SSA assessed a partial overpayment on one case and was still reviewing all three for further development. Our estimate of the overpayments is shown in Table 2.

<b>Case</b>	<b>Bank Account Ownership</b>	<b>State of Residency</b>	<b>Foreign Country Visited</b>	<b>Total Months Absent From United States<sup>10</sup></b>	<b>Anticipated Overpayment</b>
3	Single	California	Mexico	13	\$10,172
4	Single	California	Mexico	21	\$3,394
5	Single	California	Vietnam	7	\$5,262
<b>Totals</b>				<b>41</b>	<b>\$18,828</b>

## CASES WITH FOREIGN ACTIVITY WITHOUT BANK STATEMENT EVIDENCE

We found three cases in which bank statements did not show any evidence that the SSI recipient was outside the United States; however, we received notification from the recipient or a family member indicating otherwise.

For example, an SSI recipient from Florida did not have any foreign activity on his bank statements. Yet we received a letter from him admitting he was in Mexico during the 2-year period of our audit. In June 2012, we forwarded this case to SSA for development. The Agency requested the recipient provide documentation, but the recipient never complied. Therefore, SSA suspended payments, beginning August 2012, for the recipient's failure to comply with the request for information.

<sup>10</sup> Months of absence indicated are not necessarily consecutive months in all cases.

## SSA ACTION ON PRIOR AUDIT RECOMMENDATION

In our April 2008 audit, we recommended that SSA assess the feasibility of obtaining electronic bank statement information to include transaction-level data so foreign transactions may be identified and investigated for possible residency violations. SSA determined that it was not feasible to use the underlying methodology in our study to pursue possible residency violations.

Specifically, the Agency responded that

1. It could not select only SSI recipients who were foreign-born United States citizens because SSA's legal counsel had issued opinions that the Agency could not profile cases based on the recipient's country of birth;<sup>11</sup>
2. evidence of foreign ATM transactions is not definitive evidence that an SSI recipient was outside the country; therefore SSA would need to devote additional resources to determine if the recipient was overpaid; and
3. acquisition of transaction-level data could have a huge, labor-intensive workload impact on field office personnel and could result in costly financial institution transaction fees.<sup>12</sup>

## SSA'S EFFECTIVENESS IN REDUCING SSI PAYMENTS TO INDIVIDUALS OUTSIDE THE UNITED STATES

As discussed in our 2008 report, SSA had taken steps to identify residency violations. These actions included

- matching SSI recipient data with the Department of Homeland Security's (DHS) records of individuals who voluntarily leave or are deported;
- entering into agreements with a number of States regarding the possible use of State Medicaid investigators to conduct home visits for SSI recipients;<sup>13</sup>

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<sup>11</sup> Although our population represented foreign-born SSI recipients, our conclusion and recommendation were broadly descriptive and did not specifically reference this demographic for SSA to pursue possible residency violations.

<sup>12</sup> In April 2008, SSA was piloting an initiative known as Access to Financial Institutions (AFI). However, AFI could not be used to implement the recommendation in our April 2008 report because AFI only provided account balance summaries; not transaction level data. AFI was implemented nationwide in June 2011. Under AFI, a third-party vendor obtains bank information for SSI recipients to verify bank account balances for purposes of determining SSI eligibility. Also, the third-party vendor searches for undisclosed bank accounts within a certain geographical area based on the SSI recipients' address. Yet, the AFI initiative does not provide transactional-level bank information, and therefore, is not sufficient to identify foreign transactions. We will conduct a separate audit on the AFI program in Fiscal Year 2013.

<sup>13</sup> These States include Arkansas, California, Iowa, Louisiana, Maine, New Hampshire, New Mexico, Oklahoma, South Dakota, Texas, and Wyoming. SSA, *2007 SSI Annual Report*, page 6.



- conducting periodic redeterminations—generally every 1 to 6 years—to determine whether recipients are still eligible to receive SSI payments; and
- completing a project in which the Agency examined the images of SSI checks, looking for any that were endorsed by a financial institution outside the United States.

In addition, SSA receives an automated alert when an SSI recipient has both a United States and foreign address in SSA's system (that is, SSA's records for the SSI payment shows a United States address and the recipient is also receiving Old-Age, Survivors and Disability Insurance [OASDI] benefits from SSA and the OASDI record shows a foreign address).

In Fiscal Year 2012, SSA contacted DHS regarding its data on arrival and departure dates for the United States. A data exchange with the Department of Homeland Security could enable SSA to identify when an SSI recipient leaves and reenters the United States. We are performing a separate audit to assess the benefit and feasibility of using the DHS travel data in identifying SSI recipients who travel outside the United States.<sup>14</sup> We expect to issue the results of our review later this year.

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<sup>14</sup> SSA OIG, *Usefulness of Department of Homeland Security's Custom and Border Protection Travel Data to Identify Supplemental Security Income Recipients Who Are Outside the United States* (A-01-11-01142).

## Conclusions

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The results of our analysis show that residency violations were 1 percent of our current sample as compared to 4 percent in our prior audit. Furthermore, SSA has several processes in place to reduce SSI payments to individuals outside the United States.

Although SSA has taken steps to identify residency violations, the Agency ultimately relies on individuals to self-report absences from the United States. Because reporting such absences could make recipients ineligible for SSI payments, some SSI recipients fail to self-report this information to the Agency.

In addition, our review of the feasibility of SSA obtaining and using DHS travel data will be completed later this year, and we will forward a copy of the final report to you.

# Appendices

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APPENDIX A – Acronyms

APPENDIX B – Congressional Request

APPENDIX C – Scope and Methodology

## Acronyms

AFI	Access to Financial institutions
C.F.R.	Code of Federal Regulations
DHS	Department of Homeland Security
OASDI	Old-Age, Survivors and Disability Insurance
OIG	Office of the Inspector General
POMS	Program Operations Manual System
SSA	Social Security Administration
SSI	Supplemental Security Income
U.S.C.	United States Code

## Congressional Request

March 30, 2011

**Via U.S. Mail and Email (misha.kelly@ssa.gov)**

The Honorable Patrick P. O'Carroll, Jr.  
Inspector General  
Social Security Administration  
6401 Security Boulevard  
Altimeyer Building, Suite 300  
Baltimore, MD 21235

Dear Inspector General O'Carroll:

The Social Security Administration ("SSA") administers the Supplemental Security Income ("SSI") program, which provides cash benefits to qualifying financially needy individuals that are aged, blind, or disabled. The Social Security Act requires that an individual be a resident of the United States to be eligible for SSI payments.<sup>1</sup> Further, the Act and relevant regulations make clear that a SSI recipient is required to report foreign travel to SSA because recipients are ineligible to receive SSI payments for any month spent outside the United States. Further, once a SSI recipient returns, they may be ineligible to receive SSI payments until they are present in the United States for at least 30 consecutive days.<sup>2</sup>

Despite the fact that SSI beneficiaries are ineligible to receive SSI payments when absent from the United States, in July 2003, the Government Accountability Office ("GAO") reported that SSI overpayments to individuals outside the United States totaled \$118 million from 1997 to 2001. GAO pointed out that this finding only represented violations detected by SSA and was likely an underestimation. GAO also found that most of the payments were made to recipients who were born outside the United States. In explaining these results, GAO pointed to SSA's heavy reliance on self-reporting by beneficiaries (who rarely reported foreign travel) and insufficient use of existing tools to detect violations.<sup>3</sup>

At present, many SSI recipients receive payments from SSA through direct deposit to their bank account, allowing them to withdraw funds from any Automated Teller Machine ("ATM") in the world. As such, in April 2008, the SSA Office of the Inspector General ("OIG") reviewed ATM bank records to determine if SSI recipients were withdrawing funds in foreign countries. Based on this review, SSA OIG estimated that SSI overpayments to individuals outside the United

<sup>1</sup> See 42 U.S.C. §1382c(a)(1)(B)(i).

<sup>2</sup> See 42 U.S.C. § 1382(f)(1); 20 C.F.R. §416.215.


<sup>3</sup> Government Accountability Office, *Supplemental Security Income: SSA Could Enhance its Ability to Detect Residency Violations*, Report No. GAO-03-724 (July 2003).

States totaled \$226.2 million. These payments – undetected by SSA – went to 40,560 beneficiaries who failed to report to SSA they were in a foreign country. Further, SSA OIG also estimated that if agency action was not taken, SSA would continue to lose \$100.5 million annually to SSI recipients outside the United States.<sup>4</sup>

Independent review of agency action is an important function of the SSA OIG. To determine if the SSI program is still making millions of dollars in payments to SSI beneficiaries outside the United States, I request that the SSA OIG update its aforementioned April 2008 audit report. This update should determine the amount of SSI payments in recent years paid to individuals outside the United States. Further, the report should include the effectiveness of any action taken by SSA to reduce SSI payments made to individuals outside the United States, as well as SSA's implementation, or lack thereof, of the SSA OIG's prior recommendation that SSA "assess the feasibility of obtaining electronic bank statement information to include transaction-level data so that foreign transactions may be identified and investigated for possible residency violations."

If you have any questions, please contact Andrew Dockham at (202) 224-2224.

Sincerely,



Tom Coburn, M.D.  
United States Senator

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<sup>4</sup> Social Security Administration, Office of the Inspector General, *Supplemental Security Income Recipients with Automated Teller Machine Withdrawals Indicating they are Outside of the United States*, Report No. A-01-07-17036 (April 2008).

## Scope and Methodology

To accomplish our objective, we:

- Reviewed applicable sections of the *Social Security Act* and other relevant legislation, as well as the Social Security Administration’s (SSA) regulations, rules, policies, and procedures.
- Reviewed prior Office of the Inspector General and Government Accountability Office reports.
- Took the following steps, which are the same steps we took in our April 2008 audit.
  - Obtained a file of 7.6 million Supplemental Security Income (SSI) recipients in current payment status as of February 2011. From this file, we identified 5.3 million with direct deposit bank information—of those, approximately 1 million were foreign-born. We then sorted the population by count of SSI recipients under each bank institution (see Table C-1).
  - Selected one of the top five banks from our population, Bank A, for further review. For audit purposes, we considered the characteristics and findings observed for Bank A to be representative of any bank providing services to the population of approximately 1 million recipients. Of the 257,512 SSI recipients with direct deposit at Bank A, we selected a random sample of 250 for detailed analysis.

Table C-1: Total Population by Bank		
Bank	Number of Recipients	Percent of Recipients in Population
Bank A	257,512	24%
Bank B	199,504	19%
Bank C	103,393	10%
Bank D	44,510	4%
Bank E	26,298	3%
<b>Subtotal (Top 5 Banks)</b>	<b>631,217</b>	<b>60%</b>
All Other Banks <sup>1</sup>	426,665	40%
<b>Total (All Banks)</b>	<b>1,057,882</b>	<b>100%</b>

<sup>1</sup> Each bank had less than 3 percent of the total population of SSI recipients in our population.



- For each sampled case, we subpoenaed bank statements from Bank A for the period September 2009 through August 2011. We examined the transaction history section of the bank statements and identified any reference to a foreign address on any type of transaction, specifically automated teller machine transactions. If a transaction with a foreign address was found, we further examined the bank account history to find situations where foreign addresses were in the transaction activity for a period of more than 30 days, based on the posted transaction dates.
- For each case in which we found foreign activity on the bank statements, we requested that SSA's Office of Operations contact the recipients to confirm they were outside the United States for more than 30 days and to assess an overpayment, if appropriate.

We conducted our audit in Boston, Massachusetts, between August 2011 and June 2012. We tested the data obtained in our audit and determined them to be sufficiently reliable to meet our objective. The entities audited were SSA's field offices under the Office of the Deputy Commissioner for Operations. We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

## SAMPLE RESULTS

<b>Table C-2: Populations and Sample Size</b>		
	<b>Current Audit</b>	<b>Prior Audit</b>
Foreign-born SSI recipients with direct deposit	1,057,882	1,014,185
Population size (that is, recipients above with direct deposit at selected bank)	257,512	48,734
Percent of recipients with bank accounts at selected bank	24%	5%
Sample size (that is, recipients sampled from the population of customers at selected bank)	250	250

## **Overview of the Office of the Inspector General**

The Office of the Inspector General (OIG) is comprised of an Office of Audit (OA), Office of Investigations (OI), Office of the Counsel to the Inspector General (OCIG), Office of External Relations (OER), and Office of Technology and Resource Management (OTRM). To ensure compliance with policies and procedures, internal controls, and professional standards, the OIG also has a comprehensive Professional Responsibility and Quality Assurance program.

### **Office of Audit**

OA conducts financial and performance audits of the Social Security Administration's (SSA) programs and operations and makes recommendations to ensure program objectives are achieved effectively and efficiently. Financial audits assess whether SSA's financial statements fairly present SSA's financial position, results of operations, and cash flow. Performance audits review the economy, efficiency, and effectiveness of SSA's programs and operations. OA also conducts short-term management reviews and program evaluations on issues of concern to SSA, Congress, and the general public.

### **Office of Investigations**

OI conducts investigations related to fraud, waste, abuse, and mismanagement in SSA programs and operations. This includes wrongdoing by applicants, beneficiaries, contractors, third parties, or SSA employees performing their official duties. This office serves as liaison to the Department of Justice on all matters relating to the investigation of SSA programs and personnel. OI also conducts joint investigations with other Federal, State, and local law enforcement agencies.

### **Office of the Counsel to the Inspector General**

OCIG provides independent legal advice and counsel to the IG on various matters, including statutes, regulations, legislation, and policy directives. OCIG also advises the IG on investigative procedures and techniques, as well as on legal implications and conclusions to be drawn from audit and investigative material. Also, OCIG administers the Civil Monetary Penalty program.

### **Office of External Relations**

OER manages OIG's external and public affairs programs, and serves as the principal advisor on news releases and in providing information to the various news reporting services. OER develops OIG's media and public information policies, directs OIG's external and public affairs programs, and serves as the primary contact for those seeking information about OIG. OER prepares OIG publications, speeches, and presentations to internal and external organizations, and responds to Congressional correspondence.

### **Office of Technology and Resource Management**

OTRM supports OIG by providing information management and systems security. OTRM also coordinates OIG's budget, procurement, telecommunications, facilities, and human resources. In addition, OTRM is the focal point for OIG's strategic planning function, and the development and monitoring of performance measures. In addition, OTRM receives and assigns for action allegations of criminal and administrative violations of Social Security laws, identifies fugitives receiving benefit payments from SSA, and provides technological assistance to investigations.