
**OFFICE OF
THE INSPECTOR GENERAL**

SOCIAL SECURITY ADMINISTRATION

**RESTRICTED COUNTRIES:
CONTROLS OVER INTERNET CLAIM
APPLICATIONS AND PAYMENTS
TO BENEFICIARIES**

June 2012

A-05-10-20180

AUDIT REPORT



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.**

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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.



SOCIAL SECURITY

MEMORANDUM

Date: June 5, 2012

Refer To:

To: The Commissioner

From: Inspector General

Subject: Restricted Countries: Controls over Internet Claim Applications and Payments to Beneficiaries (A-05-10-20180)

OBJECTIVE

The objective of our review was to determine whether the Social Security Administration (SSA) had established appropriate controls to (1) identify and monitor Internet Claim (iClaim) applications originating from restricted countries¹ and (2) monitor payments to beneficiaries classified as residing in restricted countries.

BACKGROUND

SSA claimants can apply online for Title II retirement and disability insurance benefits (RIB and DIB, respectively) through the iClaim application system.² In December 2008, the iClaim application replaced the Internet Social Security Benefit Application.³ In Fiscal Year (FY) 2011, SSA received approximately 2.5 million RIB applications, with approximately 1 million (41 percent) received via iClaim. Additionally, in FY 2011, SSA received approximately 3.3 million DIB applications, with approximately 1 million (33 percent) received via iClaim.⁴

¹ According to the SSA Handbook §1847, dated April 12, 2010, a restricted country is one to which payments cannot be sent to anyone because of Department of the Treasury (Treasury) regulations or SSA restrictions. Also refer to SSA, Program Operations Manual System (POMS), RS 02650.040—*Special Payment Procedures for Certain SSA-Restricted Countries* (July 8, 2011). See Appendix B for a list of Treasury- and SSA-restricted countries.

² While SSA designed the iClaim applications for individuals residing in the United States and its territories, recent changes to the application have expanded its use to non-U.S. locations. We discuss this later in the report.

³ SSA, POMS, GN 00204.055 A—*Internet Claim (iClaim) Application* (December 21, 2011).

⁴ SSA's *Performance and Accountability Report for FY 2011: Overview of Our FY 2011 Goals and Results*, pages 20 through 24.

Individuals can live overseas and receive Title II benefits.⁵ However, Treasury prohibits sending payments to beneficiaries residing in Cuba and North Korea.⁶ SSA also has restrictions on payments to beneficiaries in Azerbaijan, Belarus, Cambodia, Georgia, Kazakhstan, Kyrgyzstan, Moldova, Tajikistan, Turkmenistan, Ukraine, Uzbekistan, and Vietnam.⁷ SSA has restricted payments to these countries because it has been unable to obtain written assurance of free access to claimants/beneficiaries and vital statistics records.⁸

To receive payments while in a restricted country, eligible beneficiaries must agree to fulfill additional reporting requirements, and the payments must be approved by SSA's Office of International Programs (OIP).⁹ The Office of International Operations (OIO) is responsible for accepting, developing, adjudicating, authorizing, and reconsidering claims by persons living abroad as well as maintaining and servicing this beneficiary population.¹⁰

In October 2010, we issued an early alert to the Commissioner of SSA addressing concerns with the Agency's controls for identifying iClaims originating in foreign countries and encouraged the Agency to monitor iClaims filed from overseas locations. We also conducted a separate audit of controls over the iClaims process, which included the review of broader trends regarding iClaims.¹¹ In this review, we focused on iClaim applications originating from restricted countries as well as payments to beneficiaries in restricted countries.¹²

⁵ According to SSA's December 2011 Report on Foreign Beneficiaries (FORBES), approximately 566,670 (or 1 percent) of all Title II beneficiaries were residing outside the United States and its territories. We discuss the FORBES report later in our report.

⁶ SSA, POMS, RS 02650.001 C—*Treasury Department Restrictions* (November 26, 2002). This POMS refers to the Treasury Foreign Assets Control Regulations and the Cuban Assets Control Regulations (Treasury Circular 655).

⁷ SSA, POMS, RS 02650.040 A—*Special Payment Procedures for Certain SSA-Restricted Countries* (July 8, 2011).

⁸ *Id.* See Appendix C for an example of written assurance of free access from Armenia.

⁹ *Id.* See Appendix D for restricted country conditions.

¹⁰ SSA, *OIO Mission Statement*, August 27, 2010.

¹¹ SSA, OIG, *Controls over Social Security Internet Benefit Applications* (A-09-11-21165), December 2011.

¹² See Appendix E for our scope and methodology.

RESULTS OF REVIEW

Our review of iClaim applications from overseas locations from November 2009 to November 2010 identified 96 applications filed from restricted countries, including 13 applications that resulted in payments to beneficiaries residing in restricted countries. Of these 13 iClaim applications, OIO processed 12 while 1 was not properly referred to OIO, which resulted in an unauthorized payment to the claimant. OIO subsequently corrected this case and, in November 2011, SSA implemented an enhanced iClaim application to capture foreign addresses. This enhanced application will assist OIO in identifying iClaim applications from restricted countries. Additionally, we found SSA lacked sufficient controls over monitoring suspended payments to beneficiaries classified as residing in foreign countries. We identified 230 beneficiaries in suspense for residing in restricted countries when they appeared to be residing in non-restricted countries at the time of our review. As a result, SSA may have inappropriately held some payments to these beneficiaries. SSA is taking actions to resolve the issues we identified in our review.

FOREIGN ICLAIM APPLICATIONS

Using the Internet Protocol (IP) addresses on incoming iClaim transactions,¹³ we found SSA processed approximately 63,000 iClaim transactions¹⁴ from locations outside of the United States and its territories from November 2009 to November 2010.¹⁵ Of these 63,000 iClaim transactions, we determined 500 related to 96 individuals who were filing from a restricted country. Our review of these 96 iClaim applications revealed 13 individuals residing in 3 restricted countries were in current payment status. OIO was aware of 12 of the 13 individuals (see Table 1).

¹³ The IP address is a unique number assigned to every device connected to the Internet. Numbers are usually assigned to Internet service providers within region-based blocks and can be used to identify the general location of the computer connected to the Internet.

¹⁴ Since one iClaim application may relate to multiple transactions, the number of iClaim applications was smaller than the number of transactions.

¹⁵ U.S. territories include Puerto Rico, American Samoa, Guam, and the U.S. Virgin Islands. See Appendix F for a pie chart showing iClaim transactions from outside the United States. We cannot account for IP addresses processed through third-party servers (for example, university servers).

Table 1: Individuals Filing from Restricted Countries

Restricted Country	Number of Applicants Filing from Restricted Countries	Number of Applicants Living in Restricted Countries and in Current Payment Status
Azerbaijan	1	0
Belarus	1	0
Cambodia	21	5
Georgia	1	0
Kazakhstan	4	1
Moldova	1	0
Ukraine	29	0
Vietnam	38	7
Total	96	13

Note: Of the remaining 83 applicants, SSA records indicated 1 resided in a restricted country, but payments were in suspense status. The other 82 applicants filed from SSA-restricted countries but resided in non-restricted countries.

We found that an SSA field office failed to refer one of the iClaim applications to OIO. The claim contained a domestic mailing and residence address, but the claim's remarks section indicated the claimant was living in Vietnam, a restricted country. As a result of this oversight, SSA made an unauthorized payment to the claimant. We followed up with OIO, and it contacted the beneficiary via the Foreign Service Post (FSP) in Manila, Philippines, and obtained current address information. Consequently, OIP approved the payment, and SSA modified the address on the Master Beneficiary Record (MBR) to reflect the residence address in Vietnam.¹⁶

Since we initiated our review, SSA has implemented a process that appears to be collecting sufficient information to identify iClaim applications originating overseas, including restricted countries. Effective November 2011, SSA added foreign address fields to its iClaim application allowing people who reside outside the United States to file an online application. SSA now automatically routes all iClaims from a foreign country, except Canada, to OIO. SSA will route Canadian claims to servicing field offices in the United States. We believe the inclusion of foreign mailing and residence addresses will enhance the iClaims process and help SSA properly identify and process iClaim cases from foreign locations, including restricted countries.

¹⁶ The MBR consists of information related to a beneficiary's entitlement to Title II benefits. SSA, POMS, SM 00510.002—*Master Beneficiary Record (MBR) Data* (October 3, 2005).

PAYMENTS HELD IN SUSPENSE

In addition to looking at foreign iClaim applications from restricted countries, we reviewed SSA's overall monitoring of payments to beneficiaries in restricted countries and identified several areas where SSA could improve controls.

FORBES

We found SSA held 181 Title II beneficiaries' payments in suspense because SSA records indicated they lived in restricted countries, while our analysis indicated the beneficiaries were not residing in restricted countries at the time of our review. SSA produces a monthly FORBES, which is a list of each foreign country where the beneficiaries reside. FORBES provides a breakdown of how many beneficiaries receive their payments by paper check, direct deposit, or the Army Post Office/Fleet Post Office facility and the amount SSA pays them each month. It also provides the counts for beneficiaries in current pay status and those in suspense. OIO managers informed us that they use the FORBES to monitor the status of payments to foreign beneficiaries.

Our examination of SSA's June 2011 FORBES disclosed that 92 individuals were in current pay status and residing in restricted countries.¹⁷ We also found 383 Title II beneficiary payments suspended for residing in a restricted country. SSA coded all 383 records with an "SL" on the MBR.¹⁸ While 202 of these suspended cases related to restricted countries,¹⁹ we found 181 (47 percent) of the 383 Title II beneficiaries were in countries or territories that were not currently either Treasury- or SSA-restricted (see Table 2).

¹⁷ See Appendix G for a list of beneficiaries in current and suspended pay while residing in restricted countries. The FORBES list also contained 170 beneficiaries in current pay under the category "Invalid Geographic Code." It was unclear if any of these beneficiaries are in a restricted country. In discussions with Agency officials, we learned that actions are being taken to identify where the beneficiaries reside.

¹⁸ The Ledger Account File (LAF) code SL on the MBR indicates payments are in suspense for being in a restricted country. SSA, POMS, HI 01005.806—LAF (*Ledger Account File*) Codes (March 15, 1999).

¹⁹ See Appendix G.

Table 2: Title II Payments Held in Suspense for Beneficiaries in Non-Restricted Countries and Territories

Countries/Territories	Number of Beneficiaries
Albania	41
Armenia	5
Australia	1
Bulgaria	1
China	23
Czech Republic	1
Estonia	3
Germany	13
Hong Kong	8
Hungary	1
Latvia	2
Lithuania	4
Macao	3
Palau	2
Philippines	1
Russia	70
Taiwan	1
Thailand	1
Total	181

Further analysis disclosed that 164 (91 percent) of the 181 Title II beneficiaries remained in suspense for being in a restricted country even though the Treasury or SSA had removed these countries from its restricted country list between 14 and 48 years earlier (see Table 3). According to SSA staff, the remaining 17 suspended Title II beneficiaries resided in countries or territories that were never on Treasury’s or SSA’s restricted country list.²⁰

²⁰ These countries or territories were Australia, Hong Kong, Macao, Palau, Philippines, Taiwan, and Thailand.

Table 3: Countries Removed from Restricted Country Lists¹

Foreign Country	Date Removed	Number of Years Held in Suspense as of 2011	Number of Beneficiaries
Albania	1995	16 years	41
Armenia	1997	14 years	5
Bulgaria	1963	48 years	1
China	1979	32 years	23
Czechoslovakia ²	1968	43 years	1
Estonia	1993	18 years	3
East Germany ³	1990	21 years	13
Hungary	1968	43 years	1
Latvia	1992	19 years	2
Lithuania	1992	19 years	4
Russia	1996	15 years	70
Total			164

Note 1: All of the countries were on the Treasury's restricted country list at one point. In addition, some of these countries were placed on SSA's restricted country list for a time after being removed from the Treasury list.

Note 2: In 1993, Czechoslovakia became two separate countries: the Czech Republic and Slovakia.

Note 3: East and West Germany became one country, Germany, in 1990.

Source: OIP.

OIP staff explained that it was likely that SSA suspended payments to the 181 beneficiaries years ago when they were residing in Treasury restricted countries. According to OIP, it might have occurred when the beneficiaries filed their claims or after they became entitled to SSA benefits. For example, at the time a claim was filed, a beneficiary may have provided a residence address in a restricted country or reported a change of address from the U.S. to a restricted country. Beneficiaries are required to report a change of address. OIP indicated that SSA did not continue contacting beneficiaries who remained in LAF code SL in these former restricted countries. However, if beneficiaries reported a change of address to a non-restricted country, they should have been re-contacted by SSA.

OIP believed that when Treasury removed the restrictions, SSA followed procedures²¹ and identified all potentially eligible persons in that country, making attempts to contact them by letter, through U.S. Embassy personnel or local media.²² However, OIP indicated that if a beneficiary did not contact SSA, the benefits would have remained suspended to prevent SSA from inadvertently releasing payments without proper

²¹ For example, see SSA, POMS, RS 02650.142—*Resumption of Payments to Beneficiaries in Armenia* (April 3, 1997).

²² OIP noted that when the countries were removed from Treasury's restricted list (see Table 3 above), SSA's process for resuming payments to beneficiaries was primarily manual. Procedures called for Agency staff to contact the beneficiaries, inform them that SSA could now make payments in those countries, and ask them to notify the nearest U.S. FSP.

documentation of eligibility (that is, current citizenship, current country of residence, and determination on past-due and current benefits). Furthermore, OIP indicated that the burden to show continued eligibility after suspension essentially falls on the beneficiary.

According to OIP, SSA does not have procedures in place to monitor beneficiaries whose benefits remain in suspended pay status for being in a restricted country, even if for extended periods. As a result, SSA may have underpaid a number of these beneficiaries. Even if the beneficiary is deceased, relatives who are auxiliaries or survivors may still be entitled to payments.²³ According to SSA policy, claims for underpayments due deceased beneficiaries can be large since SSA has no restriction on the accrual of benefits to U.S. citizens and nationals.²⁴

During our review, we learned that SSA took actions to resolve 1 of the 181 records we identified. SSA issued a \$3,366 underpayment to a retired 66-year-old man who resided in China, a non-SSA-restricted country. OIP will need to work with the FSPs to determine whether any of the remaining suspended beneficiaries are still alive and review the cases identified in this report to help ensure a proper resolution. To prevent future occurrences, OIP will also need to enhance procedures to timely resolve suspended benefits related to countries no longer restricted by Treasury or SSA.

MBR Indicates Domestic Address in the United States

We found SSA held 49 Title II beneficiaries' payments in suspense for living in a restricted country, while the addresses on the MBR indicated the beneficiaries lived in the United States. These individuals were not listed among the suspended beneficiaries in foreign countries on FORBES. We noticed that some of the MBR records included a special message that the beneficiary was either visiting or residing in a restricted country. During our discussions with OIP management, we learned that there could have been various underlying causes for these anomalies, depending on the case. For example, staff may have used the wrong suspense code, staff may have

²³ In examining additional data, 171 of the 181 records, or approximately 94 percent, represented beneficiaries age 90 or older. In our June 2011 audit, the Agency agreed with our recommendation to implement controls to identify beneficiaries in suspense for 7 or more years, and ensure these beneficiaries are terminated for presumption of death in a timely manner. See SSA, OIG, *Aged Beneficiaries Whose Benefits Have Been Suspended for Address or Whereabouts Unknown* (A-09-09-29117), June 2011.

²⁴ For example, see SSA, POMS, RS 02650.148—*Claims for Underpayments Due Deceased Beneficiaries in Armenia* (April 3, 1997).

failed to use the *Left the U.S./Outside U.S. Screen*,²⁵ or a systems limitation may have existed. OIP indicated there were no controls in place to validate the restricted country if Agency employees input LAF code SL into SSA's computer system for a non-restricted country. OIP staff also noted that the MBR lacked a field for the beneficiary's residence address. Unlike the Supplemental Security Record, which has separate fields for the beneficiary's mailing and residence addresses, the MBR only has a field for the beneficiary's mailing address. The lack of this field can complicate determinations about a beneficiary's residence.

OIO and OIP were unaware of these 49 cases because they show a U.S. address.²⁶ As noted earlier, OIO and OIP did not have jurisdiction of U.S. cases, only foreign cases. SSA will need to determine whether these beneficiaries are living in the United States or a restricted country. To the extent any of these beneficiaries are living in restricted countries, OIO will need to properly monitor and service these beneficiaries.

As we noted with the earlier cases, SSA will need to determine the whereabouts of these suspended beneficiaries and whether the Agency underpaid any of the beneficiaries or their auxiliaries and survivors. To date, SSA has taken actions to correct 5 of the 49 records and has issued underpayments totaling \$18,312. For example, SSA issued an underpayment for \$3,345 to a 69-year-old man who resided in Washington State with his 4-year-old son, an auxiliary on his record. SSA had underpaid both the father and son.

CONCLUSION AND RECOMMENDATIONS

SSA's enhanced iClaim application that captures foreign addresses should assist OIO in identifying iClaim applications from restricted countries. However, SSA will need to improve its controls related to suspended payments for individuals residing in restricted countries. SSA had already initiated actions to investigate suspended payments identified during our review.

To improve oversight of beneficiaries residing in restricted countries, we recommend SSA:

1. Enhance the existing process to timely identify and resolve suspended benefits related to countries no longer restricted by Treasury or SSA.
2. Determine what additional steps may be necessary to ensure that LAF code SL is only used for restricted countries.

²⁵ SSA field office staff use this screen to document the date a beneficiary left the United States, was outside the United States, or returned to the United States. See SSA, POMS, RS 02610.024 A.4—*Field Office (FO)/Program Service Center (PSC) Actions upon Receipt of Proof of Presence in the U.S.* (October 31, 2011).

²⁶ We found that 13 (approximately 27 percent) of the 49 records represented beneficiaries age 90 or older.

3. Complete the review of the cases identified in this report for a proper disposition.

AGENCY COMMENTS

SSA agreed with our recommendations (see Appendix H). The Agency also provided technical comments, which we incorporated, as appropriate.

A handwritten signature in black ink, appearing to read "Pat P. O'Carroll Jr.", written in a cursive style.

Patrick P. O'Carroll, Jr.

Appendices

APPENDIX A – Acronyms

APPENDIX B – Department of the Treasury and Social Security Administration-
Restricted Countries

APPENDIX C – Statement of Assurance of Free Access to Beneficiaries and Records

APPENDIX D – Beneficiary Restricted Country Conditions

APPENDIX E – Scope and Methodology

APPENDIX F – Internet Claim Transactions from Outside the United States

APPENDIX G – Payments to Beneficiaries in Restricted Countries

APPENDIX H – Agency Comments

APPENDIX I – OIG Contacts and Staff Acknowledgments

Acronyms

DIB	Disability Insurance Benefits
FORBES	Report on Foreign Beneficiaries
FSP	Foreign Service Post
FY	Fiscal Year
ICLAIM	Internet Claim
IP	Internet Protocol
LAF	Ledger Account File
MBR	Master Beneficiary Record
OIG	Office of the Inspector General
OIO	Office of International Operations
OIP	Office of International Programs
POMS	Program Operations Manual System
RIB	Retirement Insurance Benefits
SSA	Social Security Administration
Treasury	Department of the Treasury

Department of the Treasury and Social Security Administration-Restricted Countries

Department of the Treasury-Restricted Countries¹

Cuba
North Korea

Social Security Administration-Restricted Countries²

Azerbaijan
Belarus
Cambodia
Georgia
Kazakhstan
Kyrgyzstan
Moldova
Tajikistan
Turkmenistan
Ukraine
Uzbekistan
Vietnam

¹ SSA, POMS, RS 02650.001 C—*Treasury Department Restrictions* (November 26, 2002). This POMS refers to the Treasury Foreign Assets Control Regulations and the Cuban Assets Control Regulations (Treasury Circular 655).

² SSA, POMS, RS 02650.040 A—*Special Payment Procedures for Certain SSA-Restricted Countries* (July 8, 2011).

Statement of Assurance of Free Access to Beneficiaries and Records

STATEMENT OF ASSURANCE OF FREE ACCESS TO BENEFICIARIES AND RECORDS

The Government of Armenia assures the Government of the United States that the United States Social Security Administration (SSA) and representatives of the United States Department of State (acting for SSA) may:

- A. Communicate freely by mail and personal contact with individuals in Armenia on matters relating to United States Social Security benefits; and
- B. Request certification from, and where necessary personally examine, public records of vital statistics events for use in connection with claims for United States Social Security benefits and in determining the continuing entitlement of individuals to benefits.

Individuals not residing in Armenia may write to the custodians of public and private records in Armenia and will, upon payment as prescribed by the authorities in Armenia, be sent official certifications from these records for use in connection with claims for United States Social Security benefits.



[Handwritten signature]

Minister of Social Security Employment,
Ministry of Population and Refugees' Affairs
Republic of Armenia

December 04, 1995

Beneficiary Restricted Country Conditions

Each eligible beneficiary must agree to the following conditions to receive benefits while in a Social Security Administration (SSA) restricted country.

- He/she must appear personally at the Foreign Service Post (FSP) each month. At that time, proof of identity must be submitted. If the beneficiary's benefits are paid by check, the check will be delivered at this time. The check will not be given to anyone acting on his/her behalf nor will it be mailed.
- If the beneficiary does not appear in person, the check will be returned to the Treasury Department. If he/she is paid by direct deposit, the FSP will notify SSA promptly and SSA will stop his/her benefits. Payments will not be resumed until he/she visits the FSP and establishes his/her continuing eligibility for benefits. Payment will be made for past months if the beneficiary establishes eligibility for them.
- He/she will not be paid through a representative payee. Benefits will be suspended if the beneficiary becomes unable to manage his/her own affairs.
- The beneficiary must notify the FSP promptly of any change in his/her citizenship and any change of address.
- The beneficiary's family must notify the FSP if he/she becomes incapacitated or dies.¹

¹ SSA, POMS, RS 02650.040 B.2—*Special Payment Procedures for Certain SSA-Restricted Countries* (July 8, 2011).

Scope and Methodology

To accomplish our objective, we:

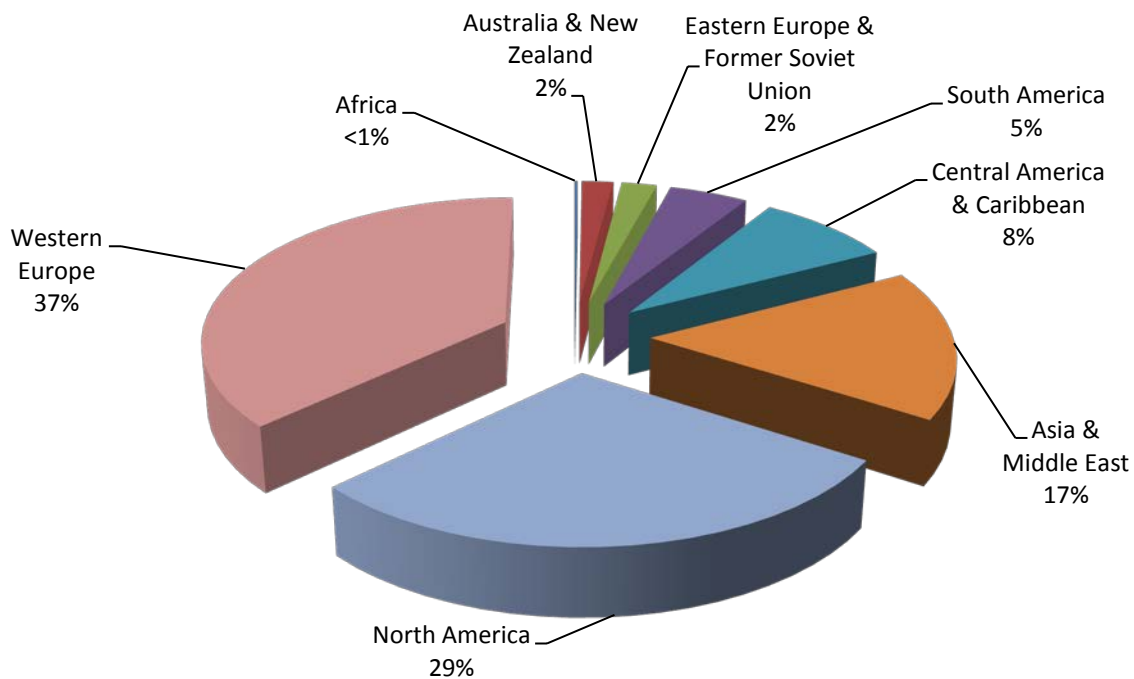
- Reviewed pertinent sections of Federal laws, regulations, and the Social Security Administration's (SSA) policies and procedures.
- Reviewed prior Office of the Inspector General reports.
- Obtained and verified Internet Protocol addresses on Internet Claim (iClaim) transactions originating in restricted countries and reviewed pertinent iClaim applications from November 2009 to November 2010.
- Interviewed management and staff in the Offices of International Programs, International Operations (in Central Operations), and Electronic Services to obtain information about each component's role related to processing and monitoring iClaim applications from and payments to restricted countries.
- Analyzed and compiled data from the June 2011 Report on Foreign Beneficiaries (FORBES) to determine the number beneficiaries who had their payments suspended for being in restricted country and examined additional information reported for these beneficiaries.

We conducted the audit from June through November 2011 in Baltimore, Maryland, and Chicago, Illinois. We relied on the representations of Agency personnel indicating the FORBES data reported for the beneficiaries were complete and accurate. We determined that the iClaim data used in the report is sufficiently reliable and believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives. The entities audited were the Deputy Commissioner for Operations and the Associate Commissioner for International Programs. We conducted our work 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 objective. We believe the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

Internet Claim Transactions from Outside the United States

Using the Internet Protocol (IP) addresses on incoming Internet Claim (iClaim) transactions,¹ we found the Social Security Administration processed approximately 63,000 iClaim transactions from locations outside of the United States and its territories, from November 2009 to November 2010. We provide the location of these IP addresses in Figure F-1.

Figure F-1: Country of Origin for iClaim Transactions Using IP Addresses (November 2009 to November 2010)



Note: North America includes Canada and Mexico.

¹ The IP address is a unique number assigned to every device connected to the public internet. Numbers are usually assigned to internet service providers within region-based blocks, which can be used to identify the general location of the computer connected to the internet.

Payments to Beneficiaries in Restricted Countries

Table G-1: Department of the Treasury Restricted Countries¹
(As of June 2011)

Country	Beneficiaries in Current Pay	Beneficiaries Suspended for Being in a Restricted Country
Cuba ²	11	60
North Korea	0	0
Total	11	60

Notes: (1) SSA, POMS, RS 02650.001 C—*Treasury Department Restrictions* (November 26, 2002).

(2) SSA has a specific license to send Social Security checks to beneficiaries living on the U.S. Naval Base, Guantanamo Bay, who are Cuban nationals, provided that the checks are sent through the U.S. postal facilities and are cashed on the base. SSA, POMS, RS 02650.005 A.2.a.—*Payment of Accrued Benefits and the Resumption of Benefits* (August 10, 2004).

Source: Report on Foreign Beneficiaries (FORBES).

Table G-2: Social Security Administration Restricted Countries
(As of June 2011)

Country	Beneficiaries in Current Pay	Beneficiaries Suspended for Being in a Restricted Country
Azerbaijan	0	0
Belarus	0	10
Cambodia	25	15
Georgia	2	1
Kazakhstan	1	1
Kyrgyzstan	0	1
Moldova	0	1
Tajikistan	0	0
Turkmenistan	2	0
Ukraine	1	61
Uzbekistan	0	0
Vietnam	50	52
Total	81	142

Note: SSA, POMS, RS 02650.040 A—*Special Payment Procedures for Certain SSA-Restricted Countries* (July 8, 2011)

Source: FORBES.

Agency Comments



SOCIAL SECURITY

MEMORANDUM

Date: May 9, 2012

Refer To: S1J-3

To: Patrick P. O'Carroll, Jr.
Inspector General

From: Dean S. Landis /s/
Deputy Chief of Staff

Subject: Office of the Inspector General Draft Report, "Restricted Countries: Controls over Internet Claim Applications and Payments to Beneficiaries" (A-05-10-20180)—INFORMATION

Thank you for the opportunity to review the draft report. Please see our attached comments.

Please let me know if we can be of further assistance. You may direct staff inquiries to Amy Thompson at (410) 966-0569.

Attachment

**COMMENTS ON THE OFFICE OF THE INSPECTOR GENERAL DRAFT REPORT,
“RESTRICTED COUNTRIES: CONTROLS OVER INTERNET CLAIM
APPLICATIONS AND PAYMENTS TO BENEFICIARIES” (A-05-10-20180)**

Recommendation 1

Enhance the existing process to timely identify and resolve suspended benefits related to countries no longer restricted by Treasury or SSA.

Response

We agree.

Recommendation 2

Determine what additional steps may be necessary to ensure that LAF code SL is only used for restricted countries.

Response

We agree.

Recommendation 3

Complete the review of the cases identified in this report for a proper disposition.

Response

We agree.

OIG Contacts and Staff Acknowledgments

OIG Contacts

Walter Bayer, Director, Chicago Audit Division

Deborah Kinsey, Audit Manager, Chicago Audit Office

Acknowledgments

In addition to those named above:

Linda Smid, Auditor-in-Charge

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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.