



Office *of the* Inspector General

SOCIAL SECURITY ADMINISTRATION

Audit Report

Supplemental Security Income
Recipients Receiving Payments in
Bank Accounts Outside the United
States

A-06-14-14037 | October 2015

OIG Office of the Inspector General
SOCIAL SECURITY ADMINISTRATION

MEMORANDUM

Date: October 19, 2015

Refer To:

To: The Commissioner

From: Inspector General

Subject: Supplemental Security Income Recipients Receiving Payments in Bank Accounts Outside the United States (A-06-14-14037)

The attached final report presents the results of the Office of Audit's review. The objective was to determine the appropriateness of continued Supplemental Security Income payments to recipients who received payments direct deposited into accounts at banks outside the United States.

If you wish to discuss the final report, please call me or have your staff contact Steven L. Schaeffer, Assistant Inspector General for Audit, at (410) 965-9700.



Patrick P. O'Carroll, Jr.

Attachment

Supplemental Security Income Recipients Receiving Payments in Bank Accounts Outside the United States

A-06-14-14037



October 2015

Office of Audit Report Summary

Objective

To determine the appropriateness of continued Supplemental Security Income (SSI) payments to recipients who received payments direct deposited into accounts at banks outside the United States.

Background

Section 1611(f) of the *Social Security Act* states that, with limited exceptions, no individual shall be considered eligible for SSI payments for any month throughout which the individual is outside the United States.

The Federal Reserve Bank of New York negotiates international direct deposit agreements on the Social Security Administration's (SSA) behalf. To be eligible for international direct deposit, Old-Age, Survivors and Disability Insurance (OASDI) beneficiaries must reside outside the United States.

If an individual is a concurrent beneficiary and the OASDI record shows an address outside the United States, SSA's systems generate a foreign address alert that notifies the appropriate SSA field office that the SSI recipient may be outside the United States and therefore ineligible for SSI payments.

Findings

We identified 1,196 SSI recipients who received SSA payments direct deposited into bank accounts outside the United States, including 1,171 recipients who received payments in accounts established in banks in Puerto Rico. Most recipients received payments in accounts established at a specific bank (Bank A) in San Juan, Puerto Rico. The other 25 recipients received OASDI payments deposited in foreign banks via international direct deposit.

We estimate that, from December 2010 through April 2014, SSA issued about \$1.1 million in improper SSI payments to 246 recipients who lived outside the United States and received payments at Bank A. We also estimate that SSA issued these recipients \$379,295 in improper payments from May 2014 through April 2015 and will continue issuing improper payments without corrective action.

Although Federal law generally prohibits SSI payments to individuals living outside the United States, SSA policy does not prohibit direct deposit of SSA payments into accounts that SSI recipients establish in Puerto Rico or the Virgin Islands. As such, SSA did not develop or implement automated controls to identify or investigate these occurrences.

Further, controls designed to prevent SSI payments to concurrent beneficiaries whose OASDI records listed addresses outside the United States were not always effective. SSA improperly issued approximately \$122,000 in SSI payments to 25 concurrent beneficiaries who received OASDI payments in foreign banks via international direct deposit and whose OASDI records listed addresses in foreign countries. Further, 240 of the 1,171 recipients who received payments in accounts in Puerto Rico were concurrent beneficiaries who had Puerto Rico or Virgin Island addresses on their OASDI payment records.

SSA personnel did not timely respond to foreign address alerts generated on these records.

Recommendations

We made three recommendations for corrective action. SSA agreed with our recommendations.

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ABBREVIATIONS

OASDI	Old-Age, Survivors and Disability Insurance
OIG	Office of the Inspector General
POMS	Program Operations Manual System
RTN	Routing Number
SSA	Social Security Administration
SSI	Supplemental Security Income
U.S.C.	United States Code
U.S.C.A.	United States Code Annotated

OBJECTIVE

Our objective was to determine the appropriateness of continued Supplemental Security Income (SSI) payments to recipients who received payments direct deposited into accounts at banks outside the United States.

BACKGROUND

The Social Security Administration (SSA) administers the Old-Age, Survivors and Disability Insurance (OASDI) program under Title II of the *Social Security Act*. The OASDI program provides monthly benefits to retired and disabled workers, including their dependents and survivors.¹ The SSI program provides payments to financially needy individuals who are aged, blind, or disabled.² In April 2015, 8.3 million individuals received SSI payments, and 2.8 million of these individuals also received OASDI benefits.³

Section 1611(f) of the *Social Security Act* states that, with limited exceptions, no individual shall be considered eligible for SSI payments for any month throughout which the individual is outside the United States.⁴ Concurrent beneficiaries are generally entitled to receive OASDI benefits while outside the United States; however, if they leave the country for longer than 30 consecutive days, SSA should suspend their SSI payments.⁵ These provisions also apply to Puerto Rico and the Virgin Islands.⁶ Bank routing numbers (RTN) that begin with “0215,” “0216,” “2215,” or “2216” identify banks in Puerto Rico and the Virgin Islands.

The Federal Reserve Bank of New York negotiates international direct deposit agreements on behalf of Federal agencies, including SSA. To be eligible for international direct deposit, OASDI beneficiaries must reside outside the United States and keep SSA informed of their residence addresses. When these beneficiaries permanently return to the United States, they

¹ 42 U.S.C. § 401 *et seq.*

² 42 U.S.C. § 1381 *et seq.*

³ SSA’s Monthly Statistical Snapshot, April 2015, *Table I, Number of People Receiving Social Security, Supplemental Security Income (SSI), or both*, released May 2015. Individuals who receive both OASDI benefits and SSI payments are referred to as concurrent beneficiaries.

⁴ 42 U.S.C. § 1382(f), *et seq.* (also noting two limited exceptions).

⁵ 42 U.S.C. § 1382(f)(1).

⁶ 42 U.S.C. § 1382c(e); *see Califano v. Gautier Torres*, 435 U.S. 1, 4 (1978) (holding that the provisions of the *Social Security Act* which state that no individual is eligible for SSI payments during any month in which he/she is outside the United States and which define the United States as the 50 States and the District of Columbia did not interfere with the constitutional right to travel of former SSI recipients who, upon moving to Puerto Rico, lost the benefits to which they had been entitled while residing in the United States).

should stop using international direct deposit.⁷ RTNs that begin with “5,” “6,” or “7” identify the payment method as international direct deposit.

If an individual is a concurrent beneficiary and the OASDI record shows an address outside the United States, SSA’s systems generate a foreign address alert that notifies the appropriate SSA field office that the SSI recipient may be outside the United States and therefore ineligible for SSI payments. See Appendix A for more details on our scope and methodology.

RESULTS OF REVIEW

We identified 1,196 SSI recipients who received SSA payments direct deposited into bank accounts outside the United States, including:

- 1,171 recipients received SSA payments direct deposited in banks in Puerto Rico. Most recipients received payments at a specific bank (Bank A) in San Juan, Puerto Rico.
- 25 recipients received OASDI payments in foreign banks via international direct deposit.

Our review of records for 57 randomly selected recipients who were receiving SSA payments at Bank A indicated that at least 25 were outside the United States for at least 30 consecutive days. Based on our sample results, we estimate that, from December 2010 through April 2014, SSA issued approximately \$1.1 million in improper SSI payments to 246 recipients who lived in Puerto Rico and received payments in accounts at Bank A. We also estimate that SSA issued these recipients \$379,295 in improper payments from May 2014 through April 2015 and will continue issuing improper payments without corrective action.

Although Federal law generally prohibits SSI payments to individuals living outside the United States, SSA policy does not prohibit direct deposit of SSA payments into accounts that SSI recipients establish in Puerto Rico or the Virgin Islands. As such, SSA did not develop or implement automated controls to identify or investigate these occurrences.

Further, controls designed to prevent SSI payments to concurrent beneficiaries whose OASDI records listed addresses outside the United States were not always effective.

- SSA improperly issued approximately \$122,000 in SSI payments to 25 concurrent beneficiaries who received OASDI payments in foreign banks via international direct deposit and whose OASDI records listed addresses in foreign countries.
- SSA issued SSI payments to 240 of the 1,171 recipients who received payments in accounts in Puerto Rico although these individuals had Puerto Rico or Virgin Island addresses on their OASDI payment records.

SSA personnel did not timely respond to foreign address alerts generated on these records.

⁷ SSA, POMS, GN 02402.201 B.3 (April 9, 2014).

SSI Recipients Receiving Payments in Puerto Rico

Individuals who live in Puerto Rico or the Virgin Islands are ineligible for SSI payments. However, in June 2013, SSA direct deposited 1,171 SSI recipients' payments into accounts established at banks in Puerto Rico.

We obtained and reviewed bank records for 57 recipients who were receiving payments in accounts established at Bank A.⁸ We determined 25 of the 57 recipients had transaction activity that occurred outside the United States⁹ and lasted at least 30 consecutive days.¹⁰

Table 1 Length of Time Bank Records Indicated the Recipient Was Outside the United States

Consecutive Months Bank Records Indicated the Recipient Was Outside the United States	Number of Beneficiaries
1-2 months	2
3-6 months	4
7-12 months	6
13+ months	13

Below are three examples of these cases.

- A concurrent beneficiary received SSI payments in a U.S. bank account but received OASDI payments in an account at Bank A. Our review of bank records for the period September 2013 through April 2014 indicated the beneficiary resided in Puerto Rico the entire period. Our Office of Investigations confirmed the beneficiary had been residing in Puerto Rico since 2004. SSA assessed a \$36,522 overpayment and terminated the SSI payments, effective June 2015. The Office of Investigations closed this case because it did not meet the U.S. Attorney's Office prosecution threshold.

⁸ We originally subpoenaed bank records for 75 randomly selected recipients receiving payments in accounts established at Bank A. Pursuant to the *Right to Financial Privacy Act, of 1978*, 12 U.S.C.A. § 3401, *et seq.*, we provided formal notification of our intent to subpoena the bank records to all named account holders on these 75 accounts. We obtained proof of notification via certified mail from account holders on 57 accounts. We did not receive proof of notification from account holders on the other 18 accounts and did not review their bank records as part of this review. As a result, our audit results likely underestimate the improper payments issued to these recipients.

⁹ We reviewed bank statements to identify situations where transaction activity outside the United States occurred for consecutive periods of 30 days or longer. Examples of transaction activity on bank statements included, but was not limited to, in-bank cash withdrawals and deposits, automated teller machine transactions, and debit card transactions.

¹⁰ In April 2015, we referred to the Office of Investigations nine sample cases where bank records indicated the recipients lived outside the United States in March or April 2014, and the recipients continued receiving SSA payments direct deposited in bank accounts outside the United States as of April 2015. The Office of Investigations confirmed that eight of the nine recipients lived in Puerto Rico while receiving SSI.

- A concurrent beneficiary received SSI payments in a U.S. bank account but received OASDI payments in an account at Bank A. Our review of bank records for the period December 2010 through March 2014 indicated the beneficiary resided in Puerto Rico the entire period. Our Office of Investigations confirmed the beneficiary resided in Puerto Rico. SSA assessed a \$19,842 overpayment and terminated the SSI payments effective June 2015. Civil prosecution against the beneficiary is pending.
- A concurrent beneficiary received both SSI and OASDI payments in an account at Bank A. Our review of bank records for the period April 2012 through April 2014 indicated the beneficiary resided in Puerto Rico the entire period. Our Office of Investigations determined the recipient was living in Massachusetts at the time of our review. However, the investigation also determined the recipient had lived in Puerto Rico while receiving SSI payments. SSA assessed a \$9,007 overpayment. The Office of Investigations closed this case because it did not meet the U.S. Attorney's Office prosecution threshold.

SSI recipients' use of bank accounts in Puerto Rico or the Virgin Islands to receive SSA payments indicates the recipients live outside the United States. However, SSA policy does not prohibit direct deposit of SSA payments into accounts that recipients establish at banks in Puerto Rico or the Virgin Islands. As a result, SSA did not develop or implement automated controls to identify or investigate these occurrences.

Based on our sample results, we estimate SSA improperly issued approximately \$1.1 million in SSI payments to 246 recipients who lived in Puerto Rico and received payments in accounts at Bank A. We also estimate that SSA issued these recipients \$379,295 in improper payments from May 2014 through April 2015 and will continue issuing improper payments without corrective action. See Appendix B for more information on our sample results and computation of questioned costs.

Concurrent Beneficiaries with OASDI Record Addresses Outside the United States

SSA had controls in place to prevent SSI payments to recipients whose SSI records listed addresses outside the United States. However, SSA systems allowed SSI payments to continue to concurrent beneficiaries whose OASDI records listed addresses outside the United States.

Concurrent Beneficiaries Receiving Payments via International Direct Deposit

SSA improperly issued approximately \$122,000 in SSI payments to 25 concurrent beneficiaries who resided in 7 different foreign countries and whose OASDI benefits were deposited into international direct deposit accounts.¹¹ In November 2013, we provided all 25 cases to SSA for corrective action.

¹¹ This is a small number of payment errors relative to more than 360,000 beneficiaries who received OASDI payments via international direct deposit in April 2015.

Table 2: Countries of Residence for 25 Concurrent Beneficiaries Receiving OASDI Payments via International Direct Deposit

Country	Beneficiaries
Mexico	14
Dominican Republic	4
Italy	3
Poland, India, Canada, and Hungary	4 (1 in each country)

To be eligible for international direct deposit, OASDI beneficiaries must reside outside the United States. All 25 beneficiaries had addresses outside the United States on their OASDI records; however, SSA continued issuing their SSI payments. Examples follow.

- In July 2011, a concurrent beneficiary enrolled in international direct deposit and moved to the Dominican Republic. SSA updated the OASDI payment record to reflect the beneficiary’s Dominican Republic address; however, SSA continued issuing SSI payments to the beneficiary. In May 2015, SSA terminated the SSI payments and assessed a \$15,053 overpayment.
- In March 2013, married concurrent beneficiaries enrolled in international direct deposit, and SSA updated the address information on their OASDI records to reflect their address in Mexico. However, SSA did not simultaneously update the address on the Supplemental Security Record. Consequently, SSA erroneously continued issuing SSI payments to this couple. In November 2013, we referred these cases to SSA for corrective action. SSA confirmed the beneficiaries permanently moved to Mexico, terminated their SSI payments in January 2014, and assessed \$2,430 overpayments against both beneficiaries.

SSA personnel did not timely respond to foreign address alerts generated on these records.

Beneficiaries with Puerto Rico or Virgin Island Addresses on OASDI Record

SSA systems allowed SSI payments to continue to concurrent beneficiaries whose OASDI records listed addresses outside the United States. OASDI payment records for 240 of the 1,171 individuals receiving SSA payments direct deposited into accounts established in Puerto Rico also listed either Puerto Rico or Virgin Island addresses. SSA system controls were designed to identify these discrepancies and generate foreign address alerts. However, SSA did not timely respond to the foreign address alerts and continued issuing SSI payments several months after the alerts were generated.

CONCLUSIONS

We identified 1,196 SSI recipients who received SSA payments direct deposited into bank accounts outside the United States. Based on our review of bank records for randomly selected recipients, we estimate SSA issued approximately \$1.1 million in improper SSI payments to 246 individuals who lived in Puerto Rico and received payments direct deposited into accounts at

Bank A. We also estimate that SSA issued \$379,295 in improper payments from May 2014 through April 2015, and will continue issuing improper payments without corrective action.

Further, controls designed to prevent SSI payments to concurrent beneficiaries whose OASDI records listed addresses outside the United States were not always effective. SSA improperly issued approximately \$122,000 in SSI payments to 25 concurrent beneficiaries who received OASDI payments via international direct deposit and whose OASDI records listed addresses in foreign countries. Also, 240 of the 1,171 recipients who received SSA payments direct deposited into accounts established at banks in Puerto Rico also had Puerto Rico or Virgin Islands addresses on their OASDI records. SSA personnel did not timely respond to foreign address alerts generated on these records.

RECOMMENDATIONS

We recommend SSA:

1. Modify the alert process to identify and notify field office staff to investigate when SSI recipients have SSA payments direct deposited in banks in Puerto Rico or the Virgin Islands.
2. Periodically re-verify the eligibility (residency status) of SSI recipients who receive SSA payments in bank accounts established in Puerto Rico or the Virgin Islands.
3. Remind staff to resolve foreign address alerts timely.

AGENCY COMMENTS AND OIG RESPONSE

SSA agreed with our recommendations. The Agency's comments are included in Appendix C. SSA also commented that Bank A is a large bank with almost 50 branches in the United States. SSA stated the fact that an SSI payment is direct deposited into a specific bank headquartered in Puerto Rico does not, by itself, indicate the recipient is outside the United States.

We agree but note Bank A's satellite locations in the United States are assigned U.S. bank routing numbers. None of the transactions we reviewed involved accounts established at U.S. branches of Puerto Rico banks. We believe the incidence of improper payments associated with sampled accounts that SSI recipients established in Puerto Rico justifies additional scrutiny.



Steven L. Schaeffer, JD, CPA, CGFM, CGMA
Assistant Inspector General for Audit

APPENDICES

Appendix A – SCOPE AND METHODOLOGY

To accomplish our objectives, we:

- Reviewed our prior report on *Controls to Prevent Supplemental Security Income Payments to Recipients Living in Foreign Countries* (A-01-02-12013), September 13, 2002.
- Reviewed SSA policies, procedures, and internal controls on SSA benefits direct deposited into bank accounts outside the continental United States.
- Obtained Master Beneficiary and Supplemental Security Record data as of July 2013, identifying 25 Supplemental Security Income (SSI) recipients simultaneously receiving Old-Age, Survivors and Disability Insurance (OASDI) benefits in international direct deposit accounts.¹
- Obtained Master Beneficiary and Supplemental Security Record data as of July 2013, identifying 1,171 SSI recipients who received SSA payments direct deposited into accounts established at banks in Puerto Rico or the Virgin Islands:²
 - ✓ 123 individuals received only SSI payments in these accounts,
 - ✓ 395 individuals were concurrent beneficiaries who received only OASDI payments in these accounts, and
 - ✓ 653 individuals were concurrent beneficiaries who received both SSI and OASDI payments in these accounts.
- Determined that 753 of the 1,171 SSI recipients receiving SSA payments in accounts established at banks in Puerto Rico or the Virgin Islands used accounts established at a specific bank (Bank A), in San Juan, Puerto Rico:
 - ✓ 534 recipients received SSI payments direct deposited into accounts at Bank A, and
 - ✓ 219 were concurrent beneficiaries who did not receive SSI payments at Bank A, but they received OASDI benefits direct deposited into accounts at Bank A.
- Randomly selected 75 of the 753 recipients for review, including
 - ✓ 50 of the 534 recipients receiving SSI payments at Bank A and
 - ✓ 25 of the 219 concurrent beneficiaries who received OASDI payments at Bank A.

¹ Includes banks with routing transit numbers (RTN) beginning with a “5,” “6,” or “7.”

² Includes banks with RTNs beginning with “0215,” “0216,” “2215,” or “2216.” All RTNs associated with the 1,171 cases belonged to banks in Puerto Rico.

- Subpoenaed bank statements for each of the 75 sampled recipients.
 - ✓ In December 2013, we issued subpoenas to Bank A to obtain bank account header information for accounts used by the 75 sampled recipients.
 - ✓ In February 2014, we received bank header information from Bank A.
 - ✓ In April 2014, we issued subpoenas to Bank A to obtain bank statements for accounts used by the 75 sampled recipients. For each account, we requested available bank statements dating back to January 2011. We also issued mailings to account holder(s) for each of the 75 bank accounts notifying them that we had subpoenaed their bank records and providing them with a detailed explanation of their rights under the *Right to Financial Privacy Act of 1978*.³
 - ✓ In May 2014, we re-issued mailings to account holders in cases where delivery confirmation was not obtained from the United States Postal Service.
 - ✓ In July 2014, we issued a Certificate of Compliance to Bank A requesting release of banks statements for 57 of 75 sampled recipients. We did not obtain confirmation of delivery of the *Rights to Financial Privacy Act* notices for the other 18 recipients and did not perform further review of these cases.
- Received bank statements for the 57 recipients in September and November 2014 and reviewed the following.
 - ✓ Bank statement transactions to identify activity outside the United States including automated teller machine transactions, and identify situations where transaction activity occurred outside the United States for consecutive periods of 30 or more days.
 - ✓ SSA payment records.
 - ✓ Other relevant information found on any SSA systems.

We conducted our audit from October 2013 to May 2015 in Dallas, Texas. We determined the data used for this audit were sufficiently reliable to meet our audit objective. The entities audited were the Offices of the Deputy Commissioners for Operations and Retirement and Disability Policy. 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 objective. We believe the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

³ 12 U.S.C.A. § 3401, *et seq.*

Appendix B – SAMPLE RESULTS AND QUESTIONED COSTS

Individuals who live in Puerto Rico or the Virgin Islands are ineligible for Supplemental Security Income (SSI) payments. However, in July 2013, we identified 1,171 SSI recipients who received SSA payments direct deposited into accounts with routing transit numbers (RTN) assigned to banks in Puerto Rico (RTNs beginning with “0215,” “0216,” “2215,” and “2216”).

SSA deposited payments to 753 of the 1,171 recipients (64 percent) in accounts established at a specific bank (Bank A) in San Juan, Puerto Rico:

- 534 received SSI payments in accounts at Bank A, and
- 219 did not receive SSI payments at Bank A, but were concurrent beneficiaries who received OASDI benefits in accounts at Bank A.

We subpoenaed bank records as part of this review. Because a high percentage of recipients used accounts at Bank A, we limited our records requests to accounts established at that Bank. We randomly selected 50 of the 534 recipients and 25 of the 219 recipients and subpoenaed their bank records.

In April 2014, we issued mailings to account holder(s) for each of the 75 bank accounts notifying them that we subpoenaed their bank records and providing them with detailed explanation of their legal rights. As of July 2014, we had not obtained delivery confirmation for mailings to 18 of the 75 sampled recipients. We performed no further review of these cases. See Appendix A for a more detailed explanation of the subpoena process.

We received bank records for accounts used by the remaining 57 sampled recipients. We reviewed bank statement transactions and identified activity outside the United States, including automated teller machine transactions, and identified situations where transaction activity occurred outside the United States for consecutive periods of 30 days or longer.

Table B–1: Population and Sample Size

Recipients receiving SSI payments at Bank A	534
Sample Size	50
Recipients receiving only OASDI payments at Bank A	219
Sample Size	25

**Table B–2: Recipients Receiving SSI at Bank A
with 30 or More Consecutive Days of Activity Outside the United States**

	Results and Projections to Bank A
Number in Sample	14
Point Estimate	150
Projected Lower Limit	98
Projected Upper Limit	212
SSI Overpayments in Sample	\$57,055
Point Estimate	\$609,347
Projection Lower Limit	\$192,597
Projection Upper Limit	\$1,026,097

Note: All projections are at the 90-percent confidence level.

**Table B–3: Recipients Receiving only OASDI Payments at Bank A with 30 or More
Consecutive Days of Activity Outside the United States**

	Results and Projections to Bank A
Number in Sample	11
Point Estimate	96
Projected Lower Limit	61
Projected Upper Limit	134
SSI Overpayments in Sample	\$54,709
Point Estimate	\$479,251
Projection Lower Limit	\$224,091
Projection Upper Limit	\$734,410

Note: All projections are at the 90-percent confidence level.

Table B–4: Combined Sample Estimates

	Number of Individuals	Overpayments
Receiving SSI at Bank A	150	\$609,347
Receiving Only OASDI at Bank A	96	\$479,251
Total	246	\$1,088,598

Table B-5: Estimated Overpayments from May 2014 Through April 2015 to Recipients Who Continued to Have Puerto Rico Activity on Their April 2014 Bank Statement

	Results and Projections to Bank A
Number of Recipients from Table B-2	7
Total April 2014 Overpayments Times 12 Months	\$19,548
Point Estimate	\$208,773
Projection Lower Limit	\$33,640
Projection Upper Limit	\$383,905
Number of Recipients from Table B-3	5
Total April 2014 Overpayments Times 12 Months	\$19,466
Point Estimate	\$170,522
Projection Lower Limit	\$57,514
Projection Upper Limit	\$283,530
Combined Point Estimates	\$379,295

We also identified 25 concurrent beneficiaries who received SSI payments while living in foreign countries and receiving OASDI payments via international direct deposit. We referred these cases to SSA for corrective action in November 2013. Based on review of SSA records, we determined SSA improperly issued these individuals \$121,811 in SSI payments while they lived in foreign countries.

Appendix C – AGENCY COMMENTS



SOCIAL SECURITY

MEMORANDUM

Date: October 5, 2015 Refer To: S1J-3

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

From: Frank Cristaudo /s/
Executive Counselor to the Commissioner

Subject: Office of the Inspector General Draft Report, "Supplemental Security Income Recipients Receiving Payments in Bank Accounts Outside of the United States" (A-06-14-14037)--
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 Gary S. Hatcher at (410) 965-0680.

Attachment

**COMMENTS ON THE OFFICE OF THE INSPECTOR GENERAL DRAFT REPORT,
“SUPPLEMENTAL SECURITY INCOME RECIPIENTS RECEIVING PAYMENTS IN
BANK ACCOUNTS OUTSIDE OF THE UNITED STATES” (A-06-14-14037)**

General Comments

We are committed to strengthening the integrity of our programs and reducing improper payments. As the report notes, Social Security Income (SSI) recipients, with very limited exceptions, must be legally present and residing in the United States (U.S.) or the Commonwealth of the Northern Mariana Islands to be eligible for benefits. In fiscal year 2011, as part of a SSI program integrity initiative, we performed a clean-up operation to identify SSI recipients who were also receiving Old-Age Survivors and Disability Insurance benefits at a foreign address. We reviewed all of the cases identified in this clean-up initiative and took action to verify residence for these individuals and ensure their continued SSI eligibility. Efforts such as these are resource intensive.

We also note that the report states that most of the 1,171 SSI recipients who have a benefit payment directly deposited into bank accounts outside the U.S. receive their payments at “Bank A” in San Juan, Puerto Rico. “Bank A” is a large bank in Puerto Rico that has almost 50 branches within the U.S., with locations in New York, New Jersey, and Florida.

The fact that a Supplemental Security Income (SSI) payment is directly deposited into a branch of this bank in Puerto Rico does not, by itself, indicate that the recipient is outside the U.S. Transaction activity (i.e., deposits or withdrawals) at a branch outside the U.S. could be an indicator that the individual may be outside the country, but the agency does not have access to transaction information or the subpoena powers to obtain this information. We are therefore exploring other avenues to verify SSI recipients’ continued residence in the U.S., such as the feasibility of a data match with the Department of Homeland Security to identify SSI recipients who have left the U.S. and not returned within 30 days.

Recommendation 1

Modify the alert process to identify and notify field office staff to investigate when SSI recipients have SSA payments direct deposited in banks in Puerto Rico or the Virgin Islands.

Response

We agree. In early October 2015, we will convene an inter-component workgroup to address the issues presented in this report. The workgroup will evaluate our current policy, operations, and related system controls to determine where we can make changes in our processes to ensure we take any necessary action with regard to SSI recipients who have payments direct deposited into banks in Puerto Rico or the Virgin Islands.

Recommendation 2

Periodically re-verify the eligibility (residency status) of SSI recipients who receive SSI and/or OASDI payments at bank accounts established in Puerto Rico or the Virgin Islands.

Response

We agree. We will address this issue in our inter-component workgroup referenced in our response to Recommendation 1.

Recommendation 3

Remind staff to resolve foreign address alerts timely.

Response

We agree. We plan to issue a reminder to staff in early calendar year 2016 to resolve foreign address alerts timely.

Appendix D – ACKNOWLEDGMENTS

Ron Gunia, Director, Dallas Audit Division

Jason Arrington, Audit Manager

Gonzalo Cagigal, Program Analyst

Kim Beauchamp, Writer-Editor

MISSION

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