



Office *of the* Inspector General

SOCIAL SECURITY ADMINISTRATION

*Audit Report*

Follow-up: Aged Beneficiaries  
Whose Benefits Have Been  
Suspended for Address, Whereabouts  
Unknown, or Foreign Enforcement

*A-09-16-50077 | August 2019*

**MEMORANDUM**

**Date:** August 6, 2019

**Refer To:**

**To:** The Commissioner

**From:** Inspector General

**Subject:** Follow-up: Aged Beneficiaries Whose Benefits Have Been Suspended for Address, Whereabouts Unknown, or Foreign Enforcement (A-09-16-50077)

The attached final report presents the results of the Office of Audit's review. The objective was to determine whether the Social Security Administration had taken appropriate actions for Old-Age, Survivors and Disability Insurance beneficiaries over age 70 whose benefits it suspended for address, whereabouts unknown, or failure to return the foreign enforcement questionnaire.

If you wish to discuss the final report, please call me or have your staff contact Rona Lawson, Assistant Inspector General for Audit, 410-965-9700.



Gail S. Ennis

Attachment

# Follow-up: Aged Beneficiaries Whose Benefits Have Been Suspended for Address, Whereabouts Unknown, or Foreign Enforcement

## A-09-16-50077



August 2019

Office of Audit Report Summary

### Objective

To determine whether the Social Security Administration (SSA) had taken appropriate actions for Old-Age, Survivors and Disability Insurance beneficiaries over age 70 whose benefits were suspended for address, whereabouts unknown, or failure to return the foreign enforcement questionnaire.

### Background

SSA may suspend benefits when it receives a third-party report that a beneficiary is missing or when checks are returned because they are undeliverable.

When a beneficiary's whereabouts are unknown and benefits have been suspended for at least 7 continuous years, SSA will assume the beneficiary failed to request payment during the 7-year period because he/she passed away.

In a 2011 audit, we estimated that 29,196 beneficiaries whose benefits were suspended for longer than 7 years had not been terminated based on a presumption of death.

For our current review, we identified 21,770 aged beneficiaries in suspense for address, whereabouts unknown, or foreign enforcement. Of these, 11,922 beneficiaries had a U.S. address, and 9,848 beneficiaries had a foreign address.

### Findings

SSA did not always take appropriate action for aged beneficiaries whose payments it suspended for address, whereabouts unknown, or failure to return the foreign enforcement questionnaire. This occurred because SSA does not apply its presumption of death policy to beneficiaries whose payments it suspended for address reasons. In addition, SSA did not have adequate controls to (1) identify and terminate payments for beneficiaries whose whereabouts were unknown and remained in suspense for 7 years or longer and (2) ensure it documents its attempts to locate beneficiaries whose whereabouts are unknown.

Based on our random samples, we estimate SSA did not terminate benefits for 6,433 (30 percent) beneficiaries it could not locate and whose payments it suspended for 7 years or longer. These beneficiaries had approximately \$115.4 million in suspended benefits since their presumed date of death that was at risk of being issued to someone other than the beneficiary. We also found that SSA employees did not document their attempts to locate 9,449 beneficiaries who had \$382.5 million in suspended benefits. Finally, SSA did not resolve the suspensions for 20,710 aged beneficiaries identified during our 2011 audit.

### Recommendations

We made seven recommendations for SSA to take corrective actions for beneficiaries whose payments it had suspended for address, whereabouts unknown, or failure to return the foreign enforcement questionnaire.

SSA agreed with our recommendations.

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## ABBREVIATIONS

FEQ	Foreign Enforcement Questionnaire
Form SSA-7162	<i>Report to the United States Social Security Administration</i>
OIG	Office of the Inspector General
POMS	Program Operations Manual System
Postal Service	United States Postal Service
SSA	Social Security Administration

## OBJECTIVE

Our objective was to determine whether the Social Security Administration (SSA) had taken appropriate actions for Old-Age, Survivors and Disability Insurance beneficiaries over age 70 whose benefits it suspended for address, whereabouts unknown, or failure to return the foreign enforcement questionnaire (FEQ).

## BACKGROUND

SSA administers the Old-Age, Survivors and Disability Insurance program to provide monthly benefits to retired and disabled workers, including their dependents and survivors.<sup>1</sup> SSA may suspend benefits when it receives a third-party report that a beneficiary is missing or when checks are returned because they are undeliverable.<sup>2</sup> SSA may also suspend benefits when beneficiaries living outside the United States do not return the FEQ (see Appendix A).<sup>3</sup> In all such instances, SSA must attempt to locate the beneficiary.<sup>4</sup> When SSA's efforts to locate a beneficiary are unsuccessful, it sends a notice to the beneficiary's last address of record. If the beneficiary does not respond to the notice, SSA suspends benefits. SSA's efforts to locate the beneficiary must be documented.<sup>5</sup>

SSA policy states it will suspend benefits for "whereabouts unknown" when it receives third party reports, mail, and undeliverable checks that may indicate a beneficiary's whereabouts are unknown. Suspension is proper when SSA cannot locate a beneficiary and his/her whereabouts are unknown.<sup>6</sup> SSA policy also states it must have a current address for all beneficiaries so it can contact them when necessary to ensure that entitlement still exists. Mail the U.S. Postal Service returned as "undeliverable" may indicate a beneficiary has moved; the address of record is incorrect due to an error; or an event that affects entitlement has occurred (for example, death). If the beneficiary's financial institution and Postal Service cannot furnish a current address and the beneficiary is receiving benefits, SSA will suspend benefits for "address" reasons.<sup>7</sup> Based on these policies, SSA employees must determine whether to suspend benefits for whereabouts unknown or for address reasons.

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<sup>1</sup> *Social Security Act*, 42 U.S.C. §§ 401-402 (govinfo.gov 2017)

<sup>2</sup> SSA, *POMS*, GN 02602.320, B (March 14, 2014).

<sup>3</sup> SSA, *POMS*, RS 02655.010, C (August 22, 2016).

<sup>4</sup> SSA, *POMS*, GN 01010.300, A (November 10, 2011) and RS 02655.010, E (August 22, 2016).

<sup>5</sup> SSA, *POMS*, GN 02602.320, C.1 (March 14, 2014).

<sup>6</sup> SSA, *POMS*, GN 02602.320, B (March 14, 2014).

<sup>7</sup> SSA, *POMS*, GN 02605.055, A and B.4 (June 11, 2013).

SSA determines whether its presumption of death policy applies after it determines whether SSA employees suspended benefits for whereabouts unknown or address reasons. SSA policy states that, when a beneficiary's whereabouts are unknown and benefits have been suspended for at least 7 continuous years, SSA will assume the beneficiary failed to request payment during the 7-year period because he/she was deceased.<sup>8</sup> SSA uses this presumption of death to terminate benefits and prevent benefits from remaining in suspense indefinitely. However, if SSA suspended benefits for address reasons and could not locate, its presumption of death policy does not apply. Terminating entitlement for presumed death ensures suspended payments will not be improperly or fraudulently issued to someone other than the beneficiary.<sup>9</sup>

In a 2011 audit,<sup>10</sup> we found SSA had not taken appropriate actions for beneficiaries over age 70 whose benefits were suspended for address, whereabouts unknown, or miscellaneous reasons.<sup>11</sup> We estimated (1) 29,196 beneficiaries whose benefits were suspended for longer than 7 years had not been terminated based on a presumption of death,<sup>12</sup> (2) 5,981 beneficiaries had been suspended between 2 and 7 years, and (3) there was no evidence that SSA conducted the required follow-up actions for 2,964 beneficiaries living outside the United States who did not return FEQs. Our report included several recommendations for corrective action. SSA agreed with our recommendations.<sup>13</sup>

For our current review, we identified a new population of 21,770 beneficiaries<sup>14</sup> over age 70, whose payments SSA had suspended for at least 24 months for address, whereabouts unknown, or failure to return the FEQ. This consisted of 11,922 beneficiaries whose last known address was in the United States and 9,848 beneficiaries whose last known address was in a foreign country. From these populations, we selected 2 random samples of 100 beneficiaries for review (see Appendix C).

## RESULTS OF REVIEW

SSA did not always take appropriate action to terminate benefits for aged beneficiaries whose payments it suspended for address, whereabouts unknown, or failure to return the FEQ. This occurred because SSA does not apply its presumption of death policy to beneficiaries whose payments it suspended for address reasons. In addition, SSA did not have adequate controls to

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<sup>8</sup> SSA, *POMS*, GN 02602.320, F (March 14, 2014) and GN 00304.050, A (January 5, 2012).

<sup>9</sup> SSA, *Social Security Rulings*, 99-1p (April 14, 1999).

<sup>10</sup> SSA, OIG, *Aged Beneficiaries Whose Benefits Have Been Suspended for Address or Whereabouts Unknown*, A-09-09-29117 (June 2011).

<sup>11</sup> Benefits were suspended for miscellaneous reasons such as when a beneficiary did not return a foreign enforcement questionnaire or when no other specific reason applied.

<sup>12</sup> This includes beneficiaries suspended for address or whereabouts unknown, or miscellaneous reasons.

<sup>13</sup> SSA, OIG, *Aged Beneficiaries Whose Benefits Have Been Suspended for Address or Whereabouts Unknown*, A-09-09-29117, p. 9 (June 2011).

<sup>14</sup> These 21,770 beneficiaries consisted of 12,677 suspended for address, 6,105 suspended for whereabouts unknown, and 2,988 suspended for failure to return the FEQ.

(1) identify and terminate payments for beneficiaries whose whereabouts were unknown and remained in suspense for 7 years or longer and (2) ensure it documents its attempts to locate beneficiaries whose whereabouts are unknown.

Based on our random samples, we estimate the following.

- SSA did not terminate benefits for 6,433 (30 percent) beneficiaries it could not locate and whose payments it suspended for 7 years or longer. These beneficiaries had approximately \$115.4 million in suspended benefits since their presumed date of death that was at risk of being issued to someone other than the beneficiary.
- SSA did not document its attempts to locate 9,449 (43 percent) beneficiaries who had \$382.5 million in suspended benefits (see Appendix C).

Finally, SSA did not resolve suspensions for 20,710 (55 percent) of the 37,970 beneficiaries identified in our 2011 audit.

## SSA Policies and Procedures for Beneficiary Suspensions

SSA policy states it will suspend benefits for “whereabouts unknown” when it receives third-party reports, mail, and undeliverable checks that may indicate a beneficiary’s whereabouts are unknown. Suspension is proper when SSA cannot locate a beneficiary and his/her whereabouts are unknown.<sup>15</sup> SSA policy also states it must have a current address for all beneficiaries so it can contact them when necessary to ensure entitlement still exists. Mail the Postal Service returns as “undeliverable” may indicate a beneficiary has moved; the address of record is incorrect because of an error; or an event affecting entitlement has occurred (for example, death). If the beneficiary’s financial institution and Postal Service cannot furnish a current address and the beneficiary is receiving benefits SSA will suspend benefits for “address” reasons.<sup>16</sup> Based on these policies, SSA employees must determine whether to suspend benefits for whereabouts unknown or for address reasons.

SSA policies require that employees send an annual or biennial FEQ to verify beneficiaries residing outside the United States are alive and obtain information regarding events that may result in suspension, reduction, or termination of benefits. If a beneficiary does not return the FEQ, SSA suspends benefits and attempts to determine the beneficiary’s location. After a beneficiary’s payments have been suspended for 12 months and SSA’s attempts to contact a beneficiary have been unsuccessful, SSA will presume his/her whereabouts are unknown and should change the suspension reason to whereabouts unknown.<sup>17</sup>

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<sup>15</sup> SSA, *POMS*, GN 02602.320, B (March 14, 2014).

<sup>16</sup> SSA, *POMS*, GN 02605.055, A and B.4 (June 11, 2013).

<sup>17</sup> SSA, *POMS*, RS 02655.001, A and RS 02655.010 (August 22, 2016).

SSA determines whether its presumption of death policy applies after it determines whether SSA employees suspended benefits for whereabouts unknown or address reasons. After SSA has suspended payments to a beneficiary for whereabouts unknown for a period of at least 7 continuous years, SSA assumes the beneficiary is deceased and should terminate entitlement to benefits effective the last day of the 7-year period or, in certain situations, the date the beneficiary disappeared.<sup>18</sup> However, for beneficiaries whom SSA suspended benefits for address reasons and could not locate, its presumption of death policy does not apply. While SSA policy distinguishes between suspensions for whereabouts unknown and suspensions for address, we do not see a difference in these two types of suspensions. Once 7 years have passed for a beneficiary in either type of suspension, SSA should presume the beneficiary has died and terminate the benefits. Therefore, we recommend that SSA revise its presumption of death policy to include beneficiaries it could not locate and whose payments it had suspended for address reasons.

SSA has automated controls to ensure its employees properly resolve benefit suspensions. SSA generates an alert 60 days after it suspends benefits and a follow-up alert 6 months after the initial alert for any beneficiary who has been suspended for address reasons. If a beneficiary has been suspended for whereabouts unknown, SSA generates an alert 60 days after it suspends benefits and a follow-up alert 12 months after the initial alert if the conditions still exist. When these alerts are generated, SSA employees should attempt to locate the beneficiary or determine whether a more appropriate suspension or termination applies.<sup>19</sup> SSA does not generate alerts after a beneficiary has been in suspense for 7 continuous years. Finally, there were no periodic alerts for beneficiaries whose payments SSA suspended because they did not return the FEQ.

## Sample Results

For the 2 random samples of 100 beneficiaries,<sup>20</sup> we found SSA did not terminate payments to 59 (29 percent) who had been in continuous suspended pay status for 7 years or longer and did not document its attempts to determine the whereabouts of 85 (43 percent) whose payments it had suspended for fewer than 7 years. SSA properly resolved the remaining 56 (28 percent) beneficiaries. Table 1 summarizes the results of our review.

**Table 1: Aged Beneficiaries in Suspended Pay Status**

Description	Beneficiaries Who Had a U.S. Address	Beneficiaries Who Had a Foreign Address	Total
Beneficiaries in Suspense for 7 Years or Longer	30	29	59
Beneficiaries in Suspense Fewer than 7 Years	52	33	85
Properly Resolved	18	38	56
<b>Total</b>	<b>100</b>	<b>100</b>	<b>200</b>

<sup>18</sup> SSA, *POMS*, GN 02602.320, F (March 14, 2014) and GN 00304.050, B.6 (January 5, 2012).

<sup>19</sup> SSA, *POMS*, GN 02602.320, C.1 (March 14, 2014).

<sup>20</sup> The 200 sample consists of 100 domestic and 100 foreign beneficiaries.

## Beneficiaries in Suspense for 7 Years or Longer

Of the 200 beneficiaries in our sample, SSA had suspended the payments of 59 for 7 years or longer. However, SSA had not terminated these beneficiaries' entitlement. Of the 59 beneficiaries, 30 had a last known address in the United States, and 29 had a last known address in a foreign country. These beneficiaries had approximately \$1.1 million in suspended benefits since a presumed date of death that were at risk of being issued to someone other than the beneficiary.

Terminating entitlement (for example, based on a presumption of death) should prevent SSA from improperly issuing payments to beneficiaries in suspense and ensure a final resolution occurs for those beneficiaries who would otherwise remain in suspense indefinitely. We previously reported this vulnerability in a September 2010 report<sup>21</sup> that found SSA improperly issued approximately \$2.1 million in payments to beneficiaries who remained in a suspended payment status for an extended period. SSA had improperly issued payments to 8,200 beneficiaries who, according to its records, were between ages 112 and 136 and had not received a Social Security benefit for at least 30 years.

### *Beneficiaries Who Had a U.S. Address*

For the 30 beneficiaries whose last known address was in the United States, SSA had suspended their payments for address reasons and did not locate or determine the whereabouts of these beneficiaries. SSA did not terminate their benefits because it does not apply its presumption of death policy to beneficiaries it could not locate and whose payments it had suspended for address reasons.

For example, in January 2008, SSA suspended benefits to a beneficiary because it had an incorrect address. The 78-year-old beneficiary had accumulated \$33,336 in suspended benefits from January 2008 through January 2019. This consisted of \$20,200 in suspended benefits before 7 years and \$13,136 in suspended benefits for 7 years or longer. Since SSA could not locate the beneficiary to obtain a correct address and the beneficiary had been in continuous suspense for over 10 years, it should terminate her benefits to reduce the potential for improper payments to ineligible individuals.

### *Beneficiaries Who Had a Foreign Address*

Of the 29 beneficiaries who had a last known address in a foreign country, SSA suspended benefits for 23 whose whereabouts were unknown<sup>22</sup> and 6 for address reasons. SSA did not locate, or determine the whereabouts for, any of the 29 beneficiaries; therefore, it should terminate their benefits based on the presumption of death. This occurred because SSA did not

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<sup>21</sup> SSA, OIG, *Economic Recovery Payments for Social Security and Supplemental Security Income Beneficiaries*, A-09-10-11017, p. 5 (September 2010).

<sup>22</sup> Of the 23, 22 were in suspense for foreign enforcement and subsequently suspended for whereabouts unknown, and 1 was in suspense for whereabouts unknown for a continuous 7 years or longer.

have controls to identify and terminate beneficiaries whose benefits remained in suspense and their address or whereabouts were unknown for at least 7 years. SSA also stated its presumption of death policy does not apply to beneficiaries it could not locate and whose payments it had suspended for address reasons.

For example, in January 2009, SSA suspended benefits to a beneficiary because she failed to return the FEQ. SSA suspended benefits for whereabouts unknown in April 2016. The 105-year-old beneficiary had accumulated \$182,620 in suspended benefits from January 2009 through January 2019. This consisted of \$122,902 in suspended benefits before 7 years and \$59,718 in suspended benefits for 7 years or longer. Since SSA could not determine the beneficiary's whereabouts and the beneficiary had been in continuous suspense for longer than 7 years, it should terminate her benefits based on the presumption of death to reduce the potential for improper payments to ineligible individuals.

## **Beneficiaries in Suspense Fewer Than 7 Years**

Of the 200 beneficiaries in our sample, SSA had suspended the payments of 85 for fewer than 7 years. However, there was no evidence that SSA employees attempted to locate these 85 beneficiaries. Of the 85 beneficiaries, 52 had a last known address in the United States, and 33 had a last known address in a foreign country. These beneficiaries had accumulated approximately \$3.3 million in suspended benefits.

### *Beneficiaries Who Had a U.S. Address*

There was no evidence that SSA employees attempted to locate the 52 beneficiaries who had a last known U.S. address. Of these, six had a family member entitled to benefits who were in current pay and on the same or on another payment record. This included two beneficiaries who had the same last known address as the suspended beneficiary. However, there was no evidence SSA employees attempted to contact the family members to determine the suspended beneficiaries' whereabouts. For one beneficiary who had earnings after the year of suspension, there was no evidence SSA attempted to contact the beneficiary's employer to inquire about the beneficiary's whereabouts. The 52 beneficiaries had accumulated approximately \$2.5 million in suspended benefits.

For example, in February 2015, SSA suspended benefits to a beneficiary for address reasons. According to SSA's payment records, the beneficiary's spouse was on the record, in current pay status, and had the same address as the beneficiary's last known address. However, we found no evidence to indicate SSA attempted to determine the beneficiary's whereabouts or whether she was deceased. Additionally, since the beneficiary had been suspended for longer than 3 years, the suspension will most likely not be resolved. As of January 2019, the 73-year-old beneficiary remained in suspended pay status and had accumulated \$5,218 in suspended benefits.

## *Beneficiaries Who Had a Foreign Address*

For the 33 beneficiaries who had a foreign address, there was no evidence that SSA attempted to locate the beneficiaries. Of these, 26 were suspended because they failed to return the FEQ, and 7 were suspended for address. We found no evidence that SSA had conducted the required actions to determine these beneficiaries' whereabouts or whether they were deceased. Also, the 26 beneficiaries who failed to return the FEQ had been in foreign enforcement suspense for 12 months or longer. However, SSA did not change their payment status to whereabouts unknown, as policy requires.<sup>23</sup> These beneficiaries had accumulated \$807,947 in suspended benefits.

For example, in February 2016, SSA suspended benefits to a beneficiary who resided in Hong Kong because he failed to return the FEQ. We found no evidence of SSA efforts to determine the beneficiary's whereabouts or whether he was deceased. As of January 2019, the 90-year-old beneficiary was in suspense for 3 years. However, SSA did not change the suspension status to whereabouts unknown, as required. The beneficiary remained in suspended pay status and accumulated \$57,210 in suspended benefits.

## **SSA Actions in Response to Our Prior Audit**

In our 2011 report,<sup>24</sup> we estimated SSA did not (1) terminate benefits based on the presumption of death for 29,196 beneficiaries whose benefits were suspended for longer than 7 years, (2) take action on 5,981 beneficiaries who had been suspended between 2 and 7 years and (3) properly resolve FEQ suspensions for 2,964 beneficiaries living in foreign countries. We recommended that SSA (1) implement controls to timely identify and terminate, in accordance with SSA's presumption of death policy, the entitlement of the beneficiaries whose whereabouts were unknown and had been in suspended pay status for 7 or more years; (2) ensure suspended beneficiaries whose whereabouts were unknown for longer than 2 years had their identity and continuing eligibility for benefits validated before reinstating benefits; and (3) take appropriate action, including termination of benefits, for suspended beneficiaries living outside the United States who did not return the FEQ.<sup>25</sup>

To determine whether SSA took corrective actions on our prior audit population, we obtained the beneficiaries' status from SSA's payment records as of September 2018 and determined the following.

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<sup>23</sup> SSA policy to require changing the suspension status from foreign enforcement to whereabouts unknown after 12 months was established in July 2015. Of the 26 beneficiaries, 10 were suspended for foreign enforcement before the policy change, and 16 were suspended for foreign enforcement status after the policy change.

<sup>24</sup> SSA, OIG, *Aged Beneficiaries Whose Benefits Have Been Suspended for Address or Whereabouts Unknown*, A-09-09-29117, p. 2 (June 2011).

<sup>25</sup> SSA, OIG, *Aged Beneficiaries Whose Benefits Have Been Suspended for Address or Whereabouts Unknown*, A-09-09-29117, p. 9 (June 2011).

- 20,710 beneficiaries remained in suspense for 7 years or longer. Generally, this occurred because SSA does not apply its presumption of death policy to beneficiaries it suspended for address reasons. In addition, SSA determined it would only implement an automated systems control to terminate benefits based on a presumption of death for beneficiaries who were at least 115-years-old and were suspended for whereabouts unknown.
- 16,414 beneficiaries were terminated for death or based on a presumption of death.
- 548 beneficiaries' suspensions were resolved and were in current pay.
- 298 beneficiaries were terminated, suspended, or in a non-payment status for other reasons.

In response to our prior audit, SSA revised its policy to require that SSA employees verify the suspended beneficiary's identity along with continuing eligibility before reinstating benefits. Additionally, SSA revised policy to require that beneficiaries whose benefits it suspended because they did not return the FEQ should change to whereabouts unknown after 12 months.

## CONCLUSIONS

SSA did not always take appropriate action to terminate benefits for aged beneficiaries whose payments it suspended for address, whereabouts unknown, or failure to return the FEQ. This occurred because SSA does not apply its presumption of death policy to beneficiaries whose payments it suspended for address reasons. In addition, SSA did not have adequate controls to (1) identify and terminate payments for beneficiaries whose whereabouts were unknown and remained in suspense for 7 years or longer and (2) ensure it documents its attempts to locate beneficiaries whose whereabouts are unknown. These beneficiaries had approximately \$115.4 million in suspended benefits since their presumed date of death that was at risk of being issued to someone other than the beneficiary. We also found that SSA employees did not document their attempts to locate the whereabouts of 9,449 beneficiaries who had \$382.5 million in suspended benefits. Finally, SSA did not resolve the suspensions for 20,710 (55 percent) of the 37,970 aged beneficiaries identified during our 2011 audit.

## RECOMMENDATIONS

We recommend that SSA:

1. Revise its policy to terminate benefits for beneficiaries it could not locate and whose payments it had suspended for address reasons.

Based on its revised policy, we recommend that SSA:

2. Terminate benefits for the 59 beneficiaries identified by our audit.
3. Identify and terminate benefits for the estimated 6,374 beneficiaries identified by our current audit who could not be located and whose benefits were suspended for 7 years or longer.

4. Identify and take appropriate action for the 20,710 beneficiaries identified by our 2011 audit whose benefits remained in suspense.

We also recommend that SSA:

5. Implement controls to identify and terminate benefits to beneficiaries whose benefits were suspended for address or whereabouts unknown for 7 years or longer.
6. Ensure it documents efforts to locate beneficiaries suspended for address, whereabouts unknown, or foreign enforcement.
7. Implement controls to ensure employees change the payment status to whereabouts unknown when they cannot locate a beneficiary who did not return the FEQ.

## **AGENCY COMMENTS**

SSA agreed with our recommendations. The Agency's comments are included in Appendix D.



Rona Lawson  
Assistant Inspector General for Audit

# *APPENDICES*

# Appendix A – FORM SSA-7162

7162

SOCIAL SECURITY ADMINISTRATION

FORM APPROVED  
OMB NO. 0960-0049

## REPORT TO THE UNITED STATES SOCIAL SECURITY ADMINISTRATION

**IMPORTANT:** Failure to complete and return this form within 60 days will result in suspension of benefits. **SIGN AND RETURN THIS FORM IN THE ENCLOSED ENVELOPE. SEE INSTRUCTIONS ENCLOSED.**

<b>1.</b> Print your address here only if it is different from the one shown below.	<b>2.</b> Telephone number at which you may be contacted during the day.
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IF YOU ANSWER "YES" TO ANY OF THE QUESTIONS BELOW, PLEASE TURN THIS FORM OVER AND CONTINUE ON THE BACK. YOU MUST SIGN YOUR NAME IN ITEM 7 ON THE BACK OF THIS FORM.

	YES	NO
<b>3.</b> Has there been a change in your citizenship or your country of residence that you have not yet reported to SSA? →	<input type="checkbox"/>	<input type="checkbox"/>
<b>4.</b> Have you married or had a divorce or annulment since you last reported your marital status to SSA? →	<input type="checkbox"/>	<input type="checkbox"/>
<b>5.</b> Did you work for someone else or were you self-employed (i.e. did you own a business or farm) since your last report of work to SSA? →	<input type="checkbox"/>	<input type="checkbox"/>
<b>Answer Question 6 only if you are the parent of a child under age 16 or disabled and you receive Social Security benefits because you have this child in your care.</b>		
<b>6.</b> Did you and the child live apart since you last reported the child's living arrangements to SSA? →	<input type="checkbox"/>	<input type="checkbox"/>

<b>OTHER REPORTABLE EVENTS</b> In addition to the events listed on this form, you are responsible for reporting any other event that may affect benefit payments.	<b>(For SSA Use Only)</b>  <b>SSN</b>
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**Privacy Act Statement/Collection and Use of Personal Information-**  
 The United States Code of Federal regulations (42 U.S.C § 403(c), 403(g), 405(a) and 405(j)) authorize us to collect the information on this form. The information you provide will be used to determine if we can continue to pay you Social Security benefits. Your response is voluntary. However, failure to provide the requested information may prevent us from making an accurate and timely decision on your claim, or could result in the loss of benefits.

We rarely use the information provided on this form for any purpose other than for determining the continued entitlement to benefit payments. However, in accordance with 5 U.S.C. § 522a(b) of the Privacy Act, we may disclose the information provided on this form (1) to enable a third party or an agency to assist Social Security in establishing rights to Social Security benefits and/or coverage; (2) to make determinations for eligibility in similar health and income maintenance programs at the Federal, State and local level; (3) to comply with Federal laws requiring the disclosure of the information from our records; and (4) to facilitate statistical research, audit or investigative activities necessary to assure the integrity of SSA programs.

We may also use the information you provide when we match records by computer. Computer matching programs compare our Form SSA-7162-OCR-SM (7-2011) Destroy Prior Editions

records with those of other Federal, State, or local government agencies. Information from these matching programs can be used to establish or verify a person's eligibility for Federally-funded or administered benefit programs and for repayment of payments or delinquent debts under these programs.

A complete list of routine uses for this information is contained in our System of Records Notice 60-0069 (Claimes Folders System). Additional information regarding this form and our other system of records notices and Social Security programs are available from our Internet website at [www.socialsecurity.gov](http://www.socialsecurity.gov) or at any U.S. Embassy, consulate, VARO or U.S. Social Security office.

**Paperwork Reduction Act Statement** - This information collection meets the requirements of 44 U.S.C § 3507, as amended by section 2 of the **Paperwork Reduction Act of 1995**. You do not need to answer these questions unless we display a valid Office of Management and Budget control number. We estimate that it will take about 5 minutes to read the instructions, gather the facts, and answer the questions. You may send comments on our time estimate above to: SSA 5401 Security Blvd, Baltimore, MD 21235-6401 USA. **Send only comments relating to our time estimate to this address, not the completed form.**

7162

Continued on the Reverse →

IF YOU HAVE ANSWERED "YES" TO ANY OF THE QUESTIONS ON THE OTHER SIDE OF THIS FORM, YOU **MUST** COMPLETE THE CORRESPONDING BLOCK(S) BELOW. IF YOU ANSWERED "NO" TO ALL OF THE QUESTIONS ON THE OTHER SIDE OF THE FORM, YOU SHOULD GO TO ITEM 7, SIGN, DATE, AND RETURN THE FORM.

**3.** If you answered "Yes" to question 3 on the reverse, complete the information below.

(a) Country of new citizenship	Date acquired (Month-Day-Year)
(b) Current country of residence	Date of change (Month-Day-Year)

**4.** If you answered "Yes" to question 4 on the reverse, complete the information below.

(a) <input type="checkbox"/> Marriage	(b) <input type="checkbox"/> Divorce	(c) <input type="checkbox"/> Annulment	(d) Enter date event occurred (Month-Day-Year)
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**5.** If you answered "Yes" to question 5 on the reverse, complete the information below.

(a) Check one <input type="checkbox"/> Employee <input type="checkbox"/> Self-Employed	(b) Date work began (Month-Day-Year)	(c) If ended, enter date work stopped (Month-Day-Year)
(d) List each month that you worked 45 hours or less ( <i>Explain in "Remarks"</i> )		
(e) Was this work done in the United States or did you pay United States Social Security taxes on earnings from this work? <input type="checkbox"/> Yes <input type="checkbox"/> No		
(f) If you answered "Yes" to (e) above, enter your total earnings for:		\$
the year before last and	_____ →	_____
last year also give	_____ →	_____
your estimate of earnings for this year	_____ →	_____

**6.** If you answered "Yes" to question 6 on the reverse, complete the information below.

(a) Date child left (Month-Day-Year)	(b) Date child returned (Month-Day-Year)	(c) Name of child
(d) Reason for absence		
(e) If the child has not returned, print the address of the child here.		

**REMARKS**

**IMPORTANT:** I declare under penalty of perjury that I have examined all of the information on this form, and on any accompanying statements or forms, and it is true and correct to the best of my knowledge. I understand that anyone who knowingly gives a false or misleading statement about a material fact in this information, or causes someone else to do so, commits a crime and may be sent to prison, or may face other penalties, or both.

<b>7.</b> Signature or mark of beneficiary ( <i>Note: If this form is signed with a mark, a witness must sign below.</i> )	Date
<b>8.</b> Signature of witness	Date

Form SSA-7162-OCR-SM (7-2011)

## Appendix B – SCOPE AND METHODOLOGY

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From the Social Security Administration's (SSA) Master Beneficiary Record, we obtained a data extract of 21,770 beneficiaries over age 70 who were in suspended pay status for at least 24 months for address, whereabouts unknown, or failure to return the foreign enforcement questionnaire between January 2008 and June 2016. Of these, SSA suspended 12,677 for address, 6,105 for whereabouts unknown, and 2,988 because they did not return the foreign enforcement questionnaire. From this, we identified a population of 11,922 beneficiaries with a U.S. address and 9,848 beneficiaries with a foreign address.

To accomplish our objective, we

- reviewed the applicable sections of the *Social Security Act* and SSA's Program Operations Manual System;
- interviewed SSA employees from the Offices of Operations, Systems, and Retirement and Disability Policy;
- reviewed queries from SSA's Master Beneficiary Record, Payment History Update System, Numident, and Summary Earnings Query;
- reviewed SSA's Claims File Record Management System for supporting documentation; and
- calculated the amount of suspended benefits and number of months in suspense for the beneficiaries in our sample.

We determined the computer-processed data from the Master Beneficiary Record were sufficiently reliable for our intended purpose. We tested data to determine their completeness and accuracy. These tests allowed us to assess the reliability of the data and achieve our audit objective.

We conducted our audit work in Richmond, California, and Baltimore, Maryland, between August 2018 and March 2019. The entities audited were the Offices of Operations and Systems under the Offices of the Deputy Commissioners for Operations and Systems.

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.

## Appendix C – SAMPLING METHODOLOGY AND RESULTS

We obtained a data extract from the Social Security Administration’s (SSA) Master Beneficiary Record of 21,770 beneficiaries over age 70 who were in suspended pay status for at least 24 months for address, whereabouts unknown, or failure to return the foreign enforcement questionnaire between January 2008 and June 2016. From the data extract, we identified a population of 11,922 beneficiaries with a U.S. address and 9,848 beneficiaries with a foreign address. From each population, we selected a random sample of 100 beneficiaries for review.

**Table C–1: Populations and Sample Sizes**

Description	Number of Beneficiaries with a U.S. Address	Number Beneficiaries with a Foreign Address
Population Size	11,922	9,848
Sample Size	100	100

### Beneficiaries with a U.S. Address in Suspense 7 Years or Longer

Our review of 100 aged beneficiaries with a U.S. address found that 30 were in suspended pay status for 7 years or longer. SSA did not terminate their benefits because it does not apply its presumption of death policy to beneficiaries it could not locate and whose payments it had suspended for address reasons. These beneficiaries had \$490,966 in suspended benefits since their presumed date of death that was at risk of being issued to someone other than the beneficiary. Projecting these results to our population, we estimate that SSA did not terminate benefits for approximately 3,577 beneficiaries it could not locate and whose payments it suspended for 7 years or longer. These beneficiaries had approximately \$58.5 million in suspended benefits since their presumed date of death that was at risk of being issued to someone other than the beneficiary. Table C–2 provides the details of our sample results and statistical projections.

**Table C–2: Beneficiaries with a U.S. Address in Suspense 7 Years or Longer**

Description	Number of Beneficiaries	Amount of Suspended Benefits
<b>Sample Results</b>	30	\$490,966
<b>Point Estimate</b>	3,577	\$58,532,967
<b>Projection - Lower Limit</b>	2,685	\$39,611,627
<b>Projection - Upper Limit</b>	4,576	\$77,454,306

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

## Beneficiaries with a Foreign Address in Suspense 7 Years or Longer

Our review of 100 aged beneficiaries with a foreign address found that SSA suspended benefits for 23 whose whereabouts were unknown and 6 for address reasons. SSA did not locate, or determine the whereabouts for, any of the 29 beneficiaries. These beneficiaries had \$577,676 in suspended benefits since their presumed date of death that were at risk of being issued to someone other than the beneficiary. Projecting these results to our population, we estimate SSA did not terminate benefits for approximately 2,856 beneficiaries it could not locate and whose payments it suspended for 7 years or longer. SSA did not have controls to identify and terminate benefits for beneficiaries whose payments remained in suspense with their address or whereabouts unknown for at least 7 years. SSA also stated its presumption of death policy does not apply to beneficiaries it could not locate whose payments it had suspended for address reasons. These beneficiaries had approximately \$56.9 million in suspended benefits since their presumed date of death that was at risk of being issued to someone other than the beneficiary. Table C-3 provides the details of our sample results and statistical projections.

**Table C-3: Beneficiaries with a Foreign Address in Suspense 7 Years or Longer**

Description	Number of Beneficiaries	Amount of Suspended Benefits
Sample Results	29	\$577,676
Point Estimate	2,856	\$56,889,572
Projection - Lower Limit	2,130	\$35,494,939
Projection - Upper Limit	3,676	\$78,282,204

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

## Evidence of SSA's Efforts to Locate Beneficiaries Who Had a U.S. Address

Our review of 100 aged beneficiaries with a U.S. address found there was no evidence that SSA employees attempted to locate the whereabouts of 52 beneficiaries who were in suspended pay status from 2 to 7 years. These beneficiaries had accumulated approximately \$2.5 million in suspended benefits. Projecting these results to our population, we estimate that approximately 6,199 beneficiaries had \$302.9 million in suspended benefits. Table C-4 provides the details of our sample results and statistical projections.

**Table C-4: No Evidence of SSA's Efforts to Locate Beneficiaries Who Had a U.S. Address**

Description	Number of Beneficiaries	Amount of Suspended Benefits
Sample Results	52	\$2,540,635
Point Estimate	6,199	\$302,894,469
Projection - Lower Limit	5,170	\$234,668,984
Projection - Upper Limit	7,219	\$371,119,954

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

## Evidence of SSA’s Efforts to Locate Beneficiaries Who Had a Foreign Address

Our review of 100 aged beneficiaries with a foreign address found there was no evidence that SSA employees attempted to locate the whereabouts of 33 beneficiaries who were in suspended pay status from 2 to 7 years. These beneficiaries had accumulated \$807,947 in suspended benefits. Projecting these results to our population, we estimate that approximately 3,250 beneficiaries had \$79.6 million in suspended benefits. Table C–5 provides the details of our sample results and statistical projections.

**Table C–5: No Evidence of SSA’s Efforts to Locate Beneficiaries Who Had a Foreign Address**

Description	Number of Beneficiaries	Amount of Suspended Benefits
<b>Sample Results</b>	33	\$807,947
<b>Point Estimate</b>	3,250	\$79,566,601
<b>Projection - Lower Limit</b>	2,489	\$55,289,297
<b>Projection - Upper Limit</b>	4,087	\$103,843,905

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

## Appendix D – AGENCY COMMENTS

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## SOCIAL SECURITY

### MEMORANDUM

**Date:** July 18, 2019 **Refer To:** S1J-3

**To:** Gail S. Ennis  
Inspector General

*Stephanie Hall*

**From:** Stephanie Hall  
Acting Deputy Chief of Staff

**Subject:** Office of the Inspector General Draft Report, “Follow-up: Aged Beneficiaries Whose Benefits Have Been Suspended for Address, Whereabouts Unknown, or Foreign Enforcement” (A-09-16-50077) -- 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 Trae Sommer at (410) 965-9102.

**SSA COMMENTS ON THE OFFICE OF THE INSPECTOR GENERAL DRAFT REPORT, “FOLLOW-UP: AGED BENEFICIARIES WHOSE BENEFITS HAVE BEEN SUSPENDED FOR ADDRESS, WHEREABOUTS UNKNOWN, OR FOREIGN ENFORCEMENT” (A-09-16-50077)**

**GENERAL COMMENTS**

We currently suspend benefits when we are unable to locate a beneficiary, obtain a current address, or the beneficiary fails to return a foreign enforcement questionnaire (FEQ). When a beneficiary’s whereabouts are unknown, we terminate benefits after seven years based on a presumption of death. However, if we are unsuccessful in obtaining a current address for the beneficiary, we suspend the benefits and currently, we do not follow the same presumption of death and termination policies. We plan to update our policy to ensure we treat all of these suspension cases consistently and terminate benefits after seven years based on presumption of death.

Since your 2011 audit, we also revised our policy to improve the integrity of this workload. First, we require technicians to verify a suspended beneficiary’s identity and continuing eligibility to benefits before reinstating payments. Secondly, we convert records suspended for failure to return the FEQ to a whereabouts unknown status after 12 months of suspension. With this conversion, technicians then follow the whereabouts unknown policy and terminate benefits after seven years based on presumption of death.

Our response to the recommendations are below.

**Recommendation 1**

Revise its policy to terminate benefits for beneficiaries it could not locate and whose payments it had suspended for address reasons.

**Response**

We agree.

**Recommendation 2**

Terminate benefits for the 59 beneficiaries identified by our audit.

**Response**

We agree.

### **Recommendation 3**

Identify and terminate benefits for the estimated 6,374 beneficiaries identified by our current audit who could not be located and whose benefits were suspended for 7 years or longer.

### **Response**

We agree.

### **Recommendation 4**

Identify and take appropriate action for the 20,710 beneficiaries identified by our 2011 audit whose benefits remained in suspense.

### **Response**

We agree.

### **Recommendation 5**

Implement controls to identify and terminate benefits to beneficiaries whose benefits were suspended for address or whereabouts unknown for 7 years or longer.

### **Response**

We agree.

### **Recommendation 6**

Ensure it documents efforts to locate beneficiaries suspended for address, whereabouts unknown, or foreign enforcement.

### **Response**

We agree.

### **Recommendation 7**

Implement controls to ensure employees change the payment status to whereabouts unknown when they cannot locate a beneficiary who did not return the FEQ.

We agree.

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