

Report Summary

Social Security Administration Office of the Inspector General

March 2010



Objective

To determine the effectiveness of the Social Security Administration's (SSA) controls over multiple direct deposit routing number changes made to the same beneficiary's account in a short period of time.

Background

The *Debt collection Improvement act of 1996* requires that certain Federal payments be processed by electronic fund transfers (direct deposit). This requirement applies to Title II benefit payments SSA makes to its beneficiaries. Benefit payments that are direct deposited into a beneficiary's bank account are a cost-effective and secure method of disbursing Social Security payments to beneficiaries both within and outside the United States.

To view the full report, visit <http://www.ssa.gov/oig/ADO/BEPDF/A-02-0828052.pdf>

Controls Over Changes Made to Direct Deposit Routing Numbers **(A-02-08-28052)**

Our Findings

SSA's automated controls over bank account routing number changes did not detect or alert SSA staff of multiple bank information changes made to the same beneficiary's account over a short period of time. All 172 beneficiaries we reviewed had multiple direct deposit account and routing number changes made within a 3-month period. SSA was able to contact 130 of these beneficiaries. Through the results of those contacts and our analysis of the beneficiaries' records, we were able to rule out the possibility of fraud as the cause of the bank information changes. However, SSA was unable to contact 29 of the 172 beneficiaries to determine whether they were aware of the bank information changes made. Of the 29 beneficiaries, 25 are still being issued payments. We could not determine whether changes made to the direct deposit account and routing numbers for these 25 beneficiaries were proper.

Our Recommendations

Accordingly, we recommended that SSA: (1) contact the 25 beneficiaries who were not located and are still receiving benefit payments to determine whether they authorized the changes made to their routing numbers and whether they should continue to receive their benefits. For the beneficiaries who cannot be contacted, SSA should suspend and/or terminate their benefit payments; (2) after concluding the status of the 25 beneficiaries, determine whether an automated control alerting SSA staff of multiple direct deposit routing number changes made to the same beneficiary's account in a short period of time would assist in identifying unauthorized changes to a beneficiary's direct deposit information; and (3) modify the Program Operations Manual System to alert its employees that allegations of non-receipt for directly deposited benefit payments and unauthorized changes of direct deposit routing numbers could possibly be the result of fraud and, if fraud is suspected, referrals to the Office of the Inspector General, Office of Investigations, should occur.

SSA agreed with the recommendations.