

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

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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.