



Report Summary

Social Security Administration
Office of the Inspector General

Controls over the Enrollment Process with the Direct Express[®] Debit Card Program (Limited Distribution) (A-15-12-21273)

To determine the effectiveness of controls over the beneficiary enrollment process for the Direct Express[®] Debit Card Program.

BACKGROUND

In April 1996, Congress passed the *Debt Collection Improvement Act of 1996* (DCIA), which requires that, as of January 1999, Federal payments, subject to certain exceptions, be made electronically. In September 1998, the Department of the Treasury (Treasury) issued a regulation to implement the provisions of the DCIA. The regulation requires that individuals who file claims for Federal benefits on or after May 1, 2011 be paid by electronic funds transfer (EFT). All Individuals are required to receive Federal payments by EFT after March 1, 2013, unless they have a waiver.

Approximately 58 million individuals receive their monthly Social Security benefit payments through an EFT. One of these methods is the Direct Express[®] Debit Card Program, which is a low-cost program that is available to SSA beneficiaries through Comerica Bank (Comerica). The Financial Management Service (FMS), a bureau in Treasury, developed the Direct Express[®] Debit Card Program in collaboration with Comerica and Xerox Services (formerly known as the Affiliated Computer Services State and Local, Incorporated).

Old-Age, Survivors and Disability Insurance and Supplemental Security Income recipients as well as their representative payees may apply for the Direct Express[®] card. A beneficiary may enroll for a card by calling the Social Security Administration (SSA), visiting an SSA field office, or calling Treasury's Go Direct toll-free enrollment number.

In May 2011, we began receiving multiple allegations that Social Security benefits were being improperly diverted to Direct Express[®]. Comerica subsequently alerted us to fraudulent activity it detected regarding Social Security benefits. We initiated five audits to evaluate controls in place at various points in the direct deposit process and identify vulnerabilities.

To determine the effectiveness of SSA's controls over the enrollment and post-entitlement process in the Direct Express[®] Debit Card Program, we reviewed SSA's policies and procedures for enrolling beneficiaries in the program as well as handling changes to the beneficiaries'

account. From a population of 1,434 suspicious direct deposit changes, we selected a focused sample of 36 beneficiaries to interview regarding the changes to their account. Of these 36 individuals, 32 did not authorize the change of their direct deposit information.

RESULTS OF REVIEW

We determined the controls over the enrollment and post-entitlement processes for beneficiaries in the Direct Express[®] Debit Card Program could be improved. Specifically, SSA matched limited electronic information against its records when Comerica initiated and authenticated enrollments. In addition, we noted that some of the Direct Express[®] Program options may have conflicted with SSA policies on the number of SSA beneficiaries on one card and the residence of SSI recipients. We also found that privacy laws limited the communication between SSA and Comerica, which can affect SSA's customer service and hinder effective and efficient payment resolutions.

We identified a sample of 36 beneficiaries who had multiple changes to their direct deposit routing numbers in SSA's records and who reported they did not receive a benefit payment after a change occurred. We interviewed the beneficiaries to determine whether they had authorized the changes to their direct deposit information, and if not, how someone may have gained the personally identifiable information needed to make these changes. During our interviews with the 36 selected beneficiaries, we found 32 did not authorize the direct deposit information change to their record. We believe several of the beneficiaries in our sample may have had their personal information compromised when a third party informed them they had won an international lottery.

CONCLUSION

SSA, Treasury, and Comerica play critical roles in administering the Direct Express[®] Program to SSA beneficiaries. All parties depend on their respective authentication and matching processes to enroll authorized beneficiaries and representative payees in the Direct Express[®] Program. However, the current authentication and matching processes suggest and do not adequately verify the individual is in fact the beneficiary or the beneficiary's appointed representative.

Our review demonstrated that one or more individuals successfully enrolled beneficiaries in the Direct Express[®] Debit Card Program and/or changed their direct deposit information without the beneficiaries' knowledge. As Treasury requires that beneficiaries receive their benefit payments through direct deposit or Direct Express[®], it is likely that the number of SSA beneficiaries whose payments are vulnerable to fraud will increase.

To prevent fraudulent changes to a beneficiary's account in the future, we recommend that SSA work with Treasury and Comerica to enhance the authentication process between the parties for the Direct Express[®] Debit Card.

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