



## SOCIAL SECURITY

### **MEMORANDUM**

Date: September 13, 2002

Refer To:

To: The Commissioner

From: Inspector General

Subject: Controls to Prevent Supplemental Security Income Payments to Recipients Living in Foreign Countries (A-01-02-12013)

The attached final report presents the results of our audit. Our objective was to determine whether specific Social Security Administration controls were effective in preventing Supplemental Security Income payments from being made to recipients living in foreign countries.

Please comment within 60 days from the date of this memorandum on corrective action taken or planned on each recommendation. 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.

James G. Huse, Jr.

Attachment

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**OFFICE OF  
THE INSPECTOR GENERAL**

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**SOCIAL SECURITY ADMINISTRATION**

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**CONTROLS TO PREVENT  
SUPPLEMENTAL SECURITY  
INCOME PAYMENTS TO  
RECIPIENTS LIVING IN  
FOREIGN COUNTRIES**

**September 2002**

**A-01-02-12013**

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**AUDIT REPORT**

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## **Mission**

**We improve SSA programs and operations and protect them against fraud, waste, and abuse by conducting independent and objective audits, evaluations, and investigations. We provide timely, useful, and reliable information and advice to Administration officials, the Congress, and the public.**

## **Authority**

**The Inspector General Act created independent audit and investigative units, called the Office of Inspector General (OIG). The mission of the OIG, as spelled out in the Act, is to:**

- Conduct and supervise independent and objective audits and investigations relating to agency programs and operations.**
- Promote economy, effectiveness, and efficiency within the agency.**
- Prevent and detect fraud, waste, and abuse in agency programs and operations.**
- Review and make recommendations regarding existing and proposed legislation and regulations relating to agency programs and operations.**
- Keep the agency head and the Congress fully and currently informed of problems in agency programs and operations.**

**To ensure objectivity, the IG Act empowers the IG with:**

- Independence to determine what reviews to perform.**
- Access to all information necessary for the reviews.**
- Authority to publish findings and recommendations based on the reviews.**

## **Vision**

**By conducting independent and objective audits, investigations, and evaluations, we are agents of positive change striving for continuous improvement in the Social Security Administration's programs, operations, and management and in our own office.**

# *Executive Summary*

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## **OBJECTIVE**

Our objective was to determine whether specific Social Security Administration (SSA) controls were effective in preventing Supplemental Security Income (SSI) payments from being made to recipients living in foreign countries.

## **BACKGROUND**

Section 1611(f) of the Social Security Act states that no individual shall be considered eligible for SSI payments for any month throughout which the individual is outside the United States. This prohibition also applies to recipients in Puerto Rico and the Virgin Islands. If an SSI recipient also receives Old-Age, Survivors and Disability Insurance (OASDI) benefits, SSA refers to the individual as a concurrent beneficiary. Concurrent beneficiaries are generally entitled to receive their OASDI benefits while outside the U.S.; however, SSI benefits are only paid while the individual is in the U.S. As a result, when concurrent beneficiaries leave the U.S. for more than 30 consecutive days, their OASDI benefits may continue to be paid, but their SSI payments are suspended.

For concurrent beneficiaries, SSA's systems generate a foreign address alert when the OASDI record shows an address outside the U.S. Field office (FO) staff are responsible for investigating these alerts to determine whether the SSI payments should be suspended. SSA's alert process is based only on the OASDI address information. As a result, if OASDI payments are being paid via direct deposit to a bank outside the U.S., an alert would not be generated.

When OASDI beneficiaries or SSI recipients receive their payments through direct deposit, a bank routing and transit number (RTN) is recorded on SSA's payment records. The RTN is an eight-position number assigned to the financial institution receiving the direct deposit payment. A "5," "6," or "7" as the first digit of the RTN identifies the payment method as international direct deposit. RTNs that begin with "0215," "0216," "2215," or "2216" identify financial institutions in Puerto Rico and the Virgin Islands.

## **RESULTS OF REVIEW**

Although SSA has controls in place to prevent SSI payments to beneficiaries who have addresses outside the U.S. (including addresses in Puerto Rico), further improvements could be made to enhance SSA's efforts in this area. Specifically, SSA's automated controls and special projects did not identify SSI recipients who had their payments direct-deposited into banks in Puerto Rico and the Virgin Islands. Also, SSA did not have a control in place to identify concurrent beneficiaries who had their OASDI benefits direct-deposited into a bank outside the U.S.—even though both their OASDI and SSI payment records showed addresses in the U.S.

Based on our audit tests, we identified 64 recipients who received approximately \$106,765 in SSI payments while outside the U.S. We also identified 42 SSI recipients who may have received \$230,574 in SSI payments while outside the U.S. However, these 42 cases are still under investigation by either our Office of Investigations and/or SSA FO staff. Therefore, the actual amount of improper payments is not yet known.

Additionally, although we found that SSA's automated control alerted FO staff to investigate concurrent beneficiaries who had addresses outside the U.S. on their OASDI records, not all of these alerts were worked timely. We identified 15 cases which had unresolved foreign address alerts on their SSI payment records prior to January 2002. These alerts should have been resolved between September 1998 and December 2001.

## **CONCLUSIONS AND RECOMMENDATIONS**

While we recognize that the errors identified during our audit are a small percentage of the total payments SSA makes to SSI recipients, this area still needs management attention. Since the SSI program has been designated by the General Accounting Office as a high risk area, every effort should be made to discontinue payments as soon as possible to recipients who are no longer eligible for them—including those who are paid SSI inappropriately while outside the U.S. Furthermore, improvements in this area will enhance SSA's efforts pertaining to its strategic goal of "Zero Tolerance for Fraud." To improve its controls in this area—without expending significant Agency resources—we recommend that SSA:

- Modify its alert process to notify SSA FO staff to investigate when (1) SSI payments are direct-deposited to banks in Puerto Rico and the Virgin Islands; or (2) concurrent beneficiaries have their OASDI benefits direct-deposited into banks outside the U.S.
- Remind staff to resolve foreign address alerts timely.

## **AGENCY COMMENTS**

In response to our draft report, SSA agreed with the intent of our first recommendation but would like further analysis of the return on investment. SSA agreed with our second recommendation. (See Appendix B for SSA's comments.)

## **OFFICE OF THE INSPECTOR GENERAL RESPONSE**

We believe our report demonstrates the need for SSA to modify the alert process, and we urge SSA to implement our recommendation. We believe that direct deposit into a bank in Puerto Rico or outside the U.S. is just as much an indicator of potential improper SSI payments as having an address outside the U.S.—which SSA's current alert process includes.

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## *Acronyms*

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ATM	Automated Teller Machine
FO	Field Office
MBR	Master Beneficiary Record
OASDI	Old-Age, Survivors, and Disability Insurance
OI	Office of Investigations
OIG	Office of the Inspector General
POMS	Program Operations Manual System
RTN	Routing and Transit Number
SSA	Social Security Administration
SSI	Supplemental Security Income
SSR	Supplemental Security Record
STOP	Southwest Tactical Operations Plan
U.S.	United States

# *Introduction*

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## **OBJECTIVE**

Our objective was to determine whether specific Social Security Administration (SSA) controls were effective in preventing Supplemental Security Income (SSI) payments from being made to recipients living in foreign countries.

## **BACKGROUND**

SSA administers both the SSI and the Old-Age, Survivors, and Disability Insurance (OASDI) programs. The SSI program provides cash assistance to individuals who have limited income and resources, and who are either age 65 or older, blind or disabled.<sup>1</sup> The OASDI program provides benefits to qualified retired and disabled workers and their dependents, and to survivors of insured workers. In Calendar Year 2000, 6.6 million individuals received SSI payments and 2.4 million of these individuals also received OASDI benefits. SSA defines individuals who receive both OASDI and SSI payments as concurrent beneficiaries. Concurrent beneficiaries are generally eligible to receive their OASDI benefits while outside the United States (U.S.) depending upon such factors as citizenship and country of residence.

Section 1611(f) of the Social Security Act states that no individual shall be considered eligible for SSI payments for any month during all of which such an individual is outside the U.S. Once an individual has been outside the U.S. for 30 consecutive days, he or she will be treated as remaining outside the U.S. until he or she has been back in the U.S. for 30 consecutive days. This prohibition also applies to recipients in Puerto Rico and the Virgin Islands. The only exemptions to collecting SSI payments while outside the U.S. are for:

- certain students temporarily studying abroad, and
- blind or disabled children of military families stationed overseas.

When concurrent beneficiaries leave the U.S. for more than 30 consecutive days, in many cases, their OASDI benefits continue to be paid, but their SSI payments are suspended. Once SSI payments are suspended for being outside the U.S., SSI recipients must be present in the U.S. for 30 consecutive days.<sup>2</sup>

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<sup>1</sup> To be eligible for SSI payments, the individual must also (1) be a U.S. resident; (2) be a U.S. citizen or an eligible noncitizen; and (3) meet certain income and resource limits.

<sup>2</sup> Program Operations Manual System (POMS) section SI 00501.410.

Public Law 104-134, the Debt Collection Improvement Act of 1996, established provisions for encouraging direct deposit of all Federal payments.<sup>3</sup> When an OASDI beneficiary or SSI recipient receives payments through direct deposit, a bank routing and transit number (RTN) is recorded on SSA's payment records. The RTN is an eight-position number assigned to the financial institution receiving the direct deposit payments. A "5," "6," or "7" as the first digit of the RTN identifies the payment method as international direct deposit.<sup>4</sup> RTNs that begin with "0215," "0216," "2215," or "2216" identify financial institutions located in Puerto Rico and the Virgin Islands.

## **SSA's CONTROLS**

SSA has the following controls in place<sup>5</sup> to identify SSI recipients outside of the U.S.:

- a foreign address alert process for concurrent beneficiaries, and
- various special projects or studies.

### **FOREIGN ADDRESS ALERT PROCESS FOR CONCURRENT BENEFICIARIES**

If an individual concurrently receives both SSI and OASDI benefits, and the OASDI record shows an address outside the U.S., SSA's systems generate a foreign address alert.<sup>6</sup> This alert—known as the 2J alert—notifies the appropriate SSA field office (FO) that the SSI recipient may be outside the U.S., and, thus, ineligible for SSI payments. The FO is responsible for investigating the alert to determine whether the SSI payments should be suspended.

Currently, SSA's alert process is based only on the OASDI address information—not on direct deposit data. As a result, if OASDI payments are being paid via direct deposit to a bank outside the U.S., an alert would not be generated. See the flowchart on the next page for details of this alert process.<sup>7</sup>

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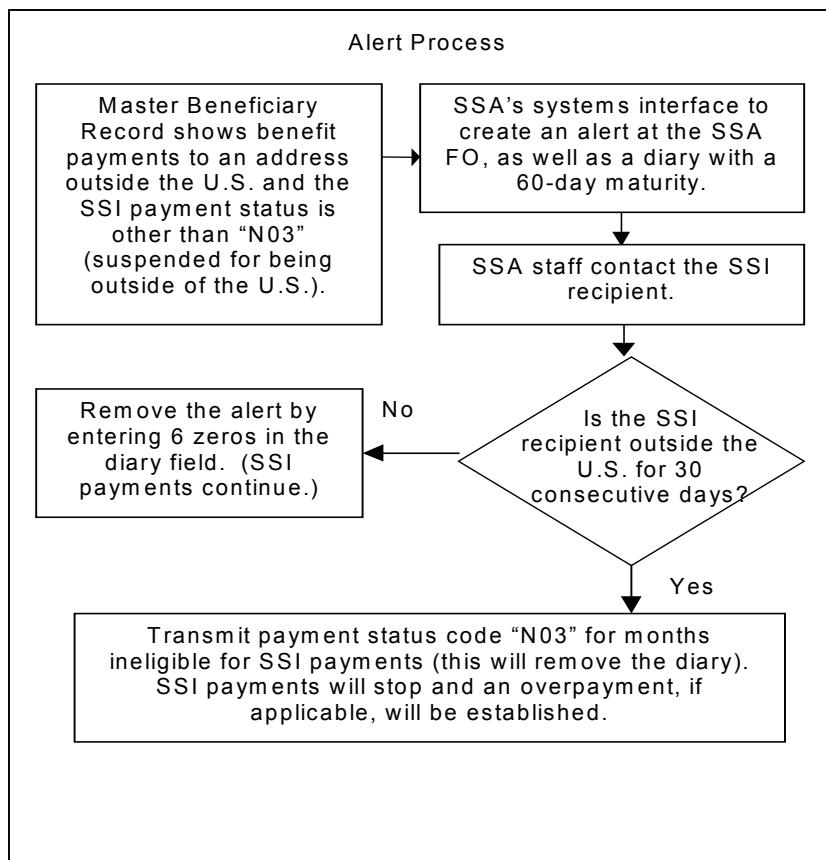
<sup>3</sup> POMS section GN 02402.001.

<sup>4</sup> International direct deposit countries include the United Kingdom, Canada, Germany, Norway, Ireland, Italy, France, Sweden, Spain, Portugal, and Australia.

<sup>5</sup> SSA also compares Immigration and Naturalization Service applications (Form I-131) for aliens leaving the U.S. to its payment records. However, we did not assess this process during our audit.

<sup>6</sup> In November 2001, SSA expanded the alert process to include OASDI addresses in Puerto Rico.

<sup>7</sup> The flowchart is based on POMS section SM 02001.215.



## SSA's PROJECTS TO IDENTIFY SSI RECIPIENTS OUTSIDE THE U.S.

SSA has initiated a number of special studies and projects over the years to identify and prevent SSI payments to recipients living outside the U.S. These projects—some of which were conducted jointly with the Office of the Inspector General (OIG)—have improved SSA's controls to prevent SSI payments to recipients outside the U.S. (See Appendix A for a description of some of these special projects.)

## SCOPE AND METHODOLOGY

To accomplish our objective, we performed the following analysis.

We obtained a data extract from SSA's Master Beneficiary Record (MBR) of 36,726,057 beneficiaries who received OASDI benefits in April 2000. Analyzing this extract, we identified:

- 101,999 records with international direct deposit—RTNs starting with "5," "6," or "7,"
- 331,339 records with direct deposit to Puerto Rico or the Virgin Islands—RTNs starting with "0215," "0216," "2215," or "2216," and

- 564,014 records with payment addresses outside the U.S. (including Puerto Rico and the Virgin Islands).

We then matched the records described above against the Supplemental Security Record (SSR) to identify concurrent beneficiaries who may have inappropriately received SSI payments while outside the U.S. The chart below describes the results of these matches.

<b>Initial OASDI Records Identified</b>	<b>Date Matched with SSR<sup>8</sup></b>	<b>Results of Matches—Number of SSI Recipients Whose OASDI Records Indicated the Recipients Were Outside the U.S.<sup>9</sup></b>
101,999	December 2000	94
331,339	October 2001	226
564,014	September 2001	409
<b>Total Number of Matches</b>		<b>729</b>

We analyzed these 729 records by obtaining case folders, MBRs, SSRs, and Numidents<sup>10</sup> to confirm that:

- the MBR showed either a foreign address or foreign direct deposit RTN; and
- the SSI benefits were paid to the recipient during the same time frame that the MBR indicated the recipient may have been outside of the U.S.

In addition to analyzing concurrent records, we analyzed a data extract of 3.7 million SSI recipients receiving direct deposit as of October 2001. This analysis resulted in:

- 166 records in which the SSI payments were direct-deposited into banks in Puerto Rico or the Virgin Islands—RTNs starting with “0215,” “0216,” “2215,” or “2216.”
- no records in which the SSI payments were issued through international direct deposit to RTNs starting with “5,” “6,” or “7.”

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<sup>8</sup> The SSR file consisted of records that were in a status code other than denials or terminations.

<sup>9</sup> We only counted each case once—even if it appeared in more than one time period. Also, if a record had both address and direct deposit data outside the U.S., we only included it once—in one of the direct deposit groups.

<sup>10</sup> The Numident file contains identifying information (such as name, date of birth, mother's maiden name, etc.) for each individual issued a Social Security number.

We also analyzed the address information for the 3.7 million SSI records and found that none of the SSI recipients had an address inappropriately listed as being outside the U.S.

When appropriate, we referred cases to either the OIG's Office of Investigations (OI) or the applicable SSA FO for further action. We also analyzed cases to determine whether the location of the direct deposit bank corresponded to the State and/or country of the person's residence.<sup>11</sup>

We conducted our audit between July 2001 and April 2002 in Boston, Massachusetts. The entities audited were SSA's FOs under the Deputy Commissioner for Operations and the Office of International Programs under the Deputy Commissioner, Disability and Income Security Programs. We conducted our audit in accordance with generally accepted government auditing standards.

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<sup>11</sup> We analyzed 94 cases and found that the bank routing numbers corresponded to the individuals' addresses (city, state, and country). Therefore, we did not pursue further work in this area.

# *Results of Review*

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Although SSA has controls in place to prevent SSI payments to beneficiaries outside the U.S. based on address information (including addresses in Puerto Rico), further improvements could be made to enhance SSA's efforts in this area. Specifically, SSA's automated controls and special projects did not identify SSI recipients who had their payments direct-deposited into banks in Puerto Rico and the Virgin Islands. Also, SSA did not have a control in place to identify concurrent beneficiaries who had their OASDI benefits direct-deposited into a bank outside the U.S., even though both their OASDI and SSI payment records showed addresses in the U.S.

## **IMPROPER PAYMENTS**

Based on our audit tests, we identified 64 recipients who received approximately \$106,765 in SSI payments while outside the U.S. Specifically, we identified:

- 10 SSI recipients, with direct deposit in banks in Puerto Rico or the Virgin Islands, who inappropriately received \$17,381 in SSI payments (out of approximately 3.7 million SSI recipients with direct deposit); and
- 54 concurrent beneficiaries, with either an address or direct deposit bank account outside the U.S. on their OASDI record, who inappropriately received \$89,384 in SSI payments (out of approximately 2.4 million concurrent beneficiaries).

The following are a few examples of the cases we identified:

- Since July 2000, an SSI recipient received his SSI payments by direct deposit into Banco Popular in San Juan, Puerto Rico while his SSR address was listed in Florida. Over a 16-month period, the recipient had \$2,488 in SSI payments direct-deposited into this bank.<sup>12</sup>
- A concurrent beneficiary received her OASDI benefits in Puerto Rico, while her address on the SSR was listed in New York and her SSI payments were direct-deposited into a U.S. bank. She received \$1,955 in SSI payments over 15 months while her OASDI benefits were paid in Puerto Rico. In January 2002, SSA stopped payments to this person by placing her in a suspended payment status for being outside the U.S.; and an overpayment was assessed. Her payment record was suspended for being outside of the U.S. for all 15 months.

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<sup>12</sup> SSA stopped payments to this person in February 2002 by placing him in a suspended payment status for being outside the U.S. and assessed an overpayment for the period August 2000 through January 2002.

## **FOREIGN ADDRESS ALERTS FOR CONCURRENT BENEFICIARIES NOT WORKED TIMELY**

Although we found that SSA's automated control alerted the FO staff to investigate concurrent beneficiaries who had addresses outside the U.S. on their OASDI records, not all of these alerts were worked timely. We identified 15 cases prior to January 2002 which had unresolved foreign address alerts on their SSI records. These alerts should have been resolved between September 1998 and December 2001.

After we contacted the appropriate SSA FO, 10 of the 15 cases were resolved and the SSI payments were stopped; and the remaining 5 cases are still being investigated. For example, an alert, dated September 1998, was generated for one case. The alert was not worked until January 2002—after we asked the FO to look into the matter. As a result, the SSI payments were suspended and an overpayment of \$5,716 was assessed<sup>13</sup> for the period November 1998 through January 2002. If the alert had been resolved more timely, the SSI payments would not have continued through January 2002—well beyond the time period that the recipient was eligible for the funds.

## **QUESTIONABLE PAYMENTS**

We also identified 42 SSI recipients who may have received \$230,574 in SSI payments inappropriately while outside the U.S. However, these 42 cases are still under investigation by either the OIG's Office of Investigations and/or SSA FO staff. Therefore, the actual amount of improper payments, if any, is not yet known.

## **PROPER PAYMENTS**

In 786 of the 895 cases<sup>14</sup> identified through our computer analysis, further research showed that the recipients did not receive SSI payments while outside of the U.S. They were not improperly paid for the following reasons:

- 219 had information associated with the records to support their eligibility for SSI payments despite the initial appearance of being outside the U.S.
- 366 had activity on their records after the date we extracted our data—which resulted in the recipients no longer having conflicting address and/or direct deposit information on their OASDI and/or SSI records.
- 201 had been resolved by SSA prior to our analysis of the cases.

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<sup>13</sup> This amount is included as part of the overall results of \$106,765 shown on page 6.

<sup>14</sup> The 895 cases consist of the 729 concurrent cases and the 166 cases with direct deposit in Puerto Rico and the Virgin Islands described on page 4 in the Scope and Methodology section of this report.

Additionally, three recipients had their SSI payments terminated due to their death. Therefore, no further investigation was performed to determine whether the SSI payments were made inappropriately while outside the U.S.

# *Conclusions and Recommendations*

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While we recognize that the improper payments identified during our audit are a small percentage of the total payments SSA makes to SSI recipients, this area still needs management attention. Since the SSI program has been designated by the General Accounting Office as a high risk area,<sup>15</sup> every effort should be made to investigate when payments have been paid to SSI recipients who are outside the U.S. and to discontinue payments as soon as possible to recipients who are no longer eligible for them. Furthermore, improvements in this area will enhance SSA's efforts pertaining to its strategic goal of "Zero Tolerance for Fraud."

To improve its controls in this area—without expending significant Agency resources—we recommend that SSA:

1. Modify its alert process to notify SSA FO staff to investigate when (1) SSI payments are direct-deposited to banks in Puerto Rico and the Virgin Islands; or (2) concurrent beneficiaries have their OASDI benefits direct-deposited into banks outside the U.S.
2. Remind staff to resolve foreign address alerts timely.

## **AGENCY COMMENTS**

In response to our draft report, SSA agreed with the intent of our first recommendation but would like the OIG to perform further analysis to determine whether the costs of making the system changes and processing additional workloads are outweighed by the benefits of the proposed alerts. SSA agreed with our second recommendation and will issue a message reminding staff of the importance of working these alerts timely. (See Appendix B for SSA's comments.)

## **OIG RESPONSE**

We believe our report demonstrates the need for SSA to modify the alert process, and we urge SSA to implement our first recommendation without additional analysis. We believe that direct deposit into a bank in Puerto Rico or outside the U.S. is just as much an indicator of potential improper SSI payments as an address outside the U.S.—which SSA's current alert process includes.

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<sup>15</sup> General Accounting Office report (GAO-01-263), "High-Risk Series: An Update," issued January 2001.

Although our audit initially identified 895 cases where it appeared that SSI payments may have been made inappropriately, this was reduced to 328 cases after eliminating the

- 366 cases that had activity on their records after the date we extracted our data—resulting in the recipients no longer having conflicting address and/or direct deposit information on their OASDI and/or SSI records; and
- 201 cases that had been resolved by SSA prior to our analysis of the 895 initial cases.

Therefore, the 64 cases we identified with improper payments were 20 percent of the 328 cases that would have been identified by the alert process we propose in Recommendation 1. The percentage of cases identified by the alert process that result in identifying improper payments could be as high as 32 percent when the 42 pending cases are also considered.

Based on the small number of additional alerts that would be generated and the high percentage of those cases we expect to result in identified overpayments, we believe SSA should modify its alert process to include direct deposit outside the U.S.

## *Other Matters*

### **Automated Teller Machine Withdrawals**

While performing our audit, we explored the idea of examining automated teller machine (ATM) withdrawal records to identify SSI recipients who are receiving their payments by direct deposit in a U.S. bank account, but may be living in a foreign country and withdrawing their benefits from ATM machines outside the U.S. However, we were not able to include ATM records in our audit tests. The Right to Financial Privacy Act of 1978 protects against disclosure of personal financial records held by banks, except with a subpoena.

SSA submitted a proposed rule, "Access to Information Held by Financial Institutions", to the Office of Management and Budget (OMB) in January 2002. This rule was proposed to implement a law that would enhance SSA's access to bank account information of SSI applicants and recipients. Specifically, section 213 of the Foster Care Independence Act of 1999 (Public Law 106-169) amended section 1631(e)(1)(B) of the Social Security Act to grant the SSA Commissioner new authority with respect to verifying financial accounts. The rule submitted to OMB proposes to make giving permission to contact financial institutions a condition of SSI eligibility. This would allow SSA to ask financial institutions for information when they think it is necessary to determine SSI eligibility and payment amount. If this proposed rule is approved, it may allow SSA and/or the OIG to obtain and analyze ATM withdrawal records for SSI recipients with direct deposit in U.S. banks.

We will continue to work with the Office of Counsel to the Inspector General to ascertain whether ATM information can be obtained and used as a tool to identify SSI recipients who may be ineligible for payments under section 1611(f) of the Social Security Act.

# Appendices

## **Appendix A**

# **Projects to Identify Supplemental Security Income Recipients Outside the United States**

The following chart describes some of the projects conducted by the Social Security Administration (SSA) and/or the Office of the Inspector General (OIG) to identify Supplemental Security Income (SSI) recipients outside the United States (U.S.).

<b>PROJECT</b>	<b>RESULTS</b>
Southwest Tactical Operations Plan <sup>1</sup> (STOP)	STOP was a project initiated by the OIG to determine whether individuals were receiving SSI payments based on fraudulent statements regarding residence in the El Paso, Texas area. As a result of this project, the OIG estimated that SSA could recover in overpayments—and save through cessation of payments—\$2.9 million projected over a 5-year period. This project also developed characteristics to assist SSA in identifying SSI claimants with questionable residency status.
New York Project	This project was initiated in the New York region to address residency errors, and consisted of foreign and U.S. born recipients who had not used Medicaid services for at least 15 months. As a result of this project, SSA determined that (a) 20 percent of foreign born SSI recipients had periods of ineligibility due to being outside the U.S.; and (b) 0.2 percent of U.S. born recipients had payment errors because of U.S. absences. This project in New York—and its expansion into New Jersey—identified \$13.6 million in SSI overpayments. This led to additional projects being initiated in other States throughout the U.S.
Address Verification Project	This project was initiated in the New York region to determine the current residence of concurrent beneficiaries who have addresses in Puerto Rico on their Master Beneficiary Records and addresses in the U.S. on their Supplemental Security Records. Out of the 259 cases completed, 205 were suspended and overpayments of \$262,391 were identified. SSA's expansion of the foreign address alert process to include Puerto Rico—which was implemented in November 2001—was a result of this project.

<sup>1</sup> SSA/OIG report “Southwest Tactical Operations Plan: Lessons Learned” (A-06-97-22010) issued December 1997.

PROJECT	RESULTS
Operation Border Vigil	This project was established to identify suspect claims at selected foreign sites. Specific projects involved the following foreign countries: Panama, Canada, Poland, the Republic of Yemen, Costa Rica, and Mexico. In January 1998, results showed savings of \$89,057.
The Adequacy of the Residency Verification Process for the SSI Program <sup>2</sup>	This project was conducted by SSA's Chula Vista, California Field Office, in conjunction with the OIG. This project found that 110 of 233 recipients were living outside the U.S.—or could not be located—and had their SSI payments suspended. The OIG recommended that SSA revise its procedures to provide for expanded residency development.

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<sup>2</sup> SSA/OIG report “The Adequacy of the Residency Verification Process for the Supplemental Security Income Program” (A-06-96-62001) issued May 1997.

## ***Appendix B***

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### **Agency Comments**



## SOCIAL SECURITY

MEMORANDUM

31207-24-793

Date: June 10, 2002

Refer To: S1J-3

To: James G. Huse, Jr.  
Inspector General

From: Larry Dye /s/  
Chief of Staff

Subject: Office of the Inspector General Draft Report, "Controls to Prevent Supplemental Security Income Payments to Recipients Living in Foreign Countries" (A-01-02-12013)—  
INFORMATION

We appreciate OIG's efforts in conducting this review. Our comments on the report content and recommendations are attached. Staff questions can be referred to Odessa J. Woods on extension 50378.

Attachment:  
Proposed Comments

**COMMENTS OF THE SOCIAL SECURITY ADMINISTRATION (SSA) ON THE  
OFFICE OF THE INSPECTOR GENERAL (OIG) DRAFT REPORT, "CONTROLS TO  
PREVENT SUPPLEMENTAL SECURITY INCOME PAYMENTS TO RECIPIENTS  
LIVING IN FOREIGN COUNTRIES" (A-01-02-12013)**

**Recommendation 1**

SSA should modify the alert process to notify SSA field office staff to investigate when: 1) SSI payments are direct-deposited to banks in Puerto Rico and the Virgin Islands; or 2) concurrent beneficiaries have their Old-Age, Survivors, and Disability Insurance (OASDI) benefits direct-deposited into banks outside the United States.

**SSA Comment**

We agree with the intent of the recommendation. However, before we can assess the return on investment (ROI) that a new alert would generate, we need more information from OIG. As drafted, the study does not provide enough evidence to support such an alert from an ROI perspective. Based on the small number of problem cases OIG identified in this audit, we are concerned that the proposed systems modification would produce many unproductive alerts. It is incorrect to draw the conclusion that a deposit to a Puerto Rican financial institution (identified by OIG as one with a routing and transit number (RTN) beginning with 0215, 0216, 2215, or 2216) indicates an improper payment. Nothing precludes SSI recipients from directing their payments to Puerto Rican financial institutions, particularly since these payments can be easily accessed in the states where SSI is payable. Also, there are "stateside" financial institutions using the "0215" RTN such as Citibank, Royal Bank of Canada and Banco Popular, NA.

We recommend that OIG expand the study to include information about SSI recipients' foreign deposits and their ineligibility for benefits and/or do a study of SSA's existing procedures in the Program Operations Manual, Section RM 05101.001. We further recommend that the OIG determine the extent to which the identified cases actually revealed cases of ineligibility; i.e., cases need to be investigated to determine where these individuals reside.

We believe that this further analysis is needed to determine whether the costs of making the systems changes and processing additional workloads are outweighed by the benefits of the proposed alerts.

**Recommendation 2**

SSA should remind staff to resolve foreign address alerts timely.

**SSA Comment**

We agree. SSA will issue a message to field offices within the next 60 days reminding them of the importance of working these alerts timely.

## ***Appendix C***

# **OIG Contacts and Staff Acknowledgments**

### ***OIG Contacts***

Rona Rustigian, Director, Northern Audit Division, (617) 565-1819

Judith Oliveira, Deputy Director, (617) 565-1765

### ***Staff Acknowledgments***

In addition to those named above:

Kevin Joyce, Auditor

Joseph LoVecchio, Auditor

David Mazzola, Auditor

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Treasurer, National Council of Social Security Management Associations, Incorporated	1
Social Security Advisory Board	1
AFGE General Committee	9
President, Federal Managers Association	1
Regional Public Affairs Officer	1
<b>Total</b>	<b>96</b>

## **Overview of the Office of the Inspector General**

### **Office of Audit**

The Office of Audit (OA) conducts comprehensive financial and performance audits of the Social Security Administration's (SSA) programs and makes recommendations to ensure that program objectives are achieved effectively and efficiently. Financial audits, required by the Chief Financial Officers' Act of 1990, assess whether SSA's financial statements fairly present the Agency's financial position, results of operations and cash flow. Performance audits review the economy, efficiency and effectiveness of SSA's programs. OA also conducts short-term management and program evaluations focused on issues of concern to SSA, Congress and the general public. Evaluations often focus on identifying and recommending ways to prevent and minimize program fraud and inefficiency, rather than detecting problems after they occur.

### **Office of Executive Operations**

OEO supports the OIG by providing information resource management; systems security; and the coordination of budget, procurement, telecommunications, facilities and equipment, and human resources. In addition, this office is the focal point for the OIG's strategic planning function and the development and implementation of performance measures required by the Government Performance and Results Act. OEO is also responsible for performing internal reviews to ensure that OIG offices nationwide hold themselves to the same rigorous standards that we expect from SSA, as well as conducting investigations of OIG employees, when necessary. Finally, OEO administers OIG's public affairs, media, and interagency activities, coordinates responses to Congressional requests for information, and also communicates OIG's planned and current activities and their results to the Commissioner and Congress.

### **Office of Investigations**

The Office of Investigations (OI) conducts and coordinates investigative activity related to fraud, waste, abuse, and mismanagement of SSA programs and operations. This includes wrongdoing by applicants, beneficiaries, contractors, physicians, interpreters, representative payees, third parties, and by SSA employees in the performance of their duties. OI also conducts joint investigations with other Federal, State, and local law enforcement agencies.

### **Counsel to the Inspector General**

The Counsel to the Inspector General provides legal advice and counsel to the Inspector General on various matters, including: 1) statutes, regulations, legislation, and policy directives governing the administration of SSA's programs; 2) investigative procedures and techniques; and 3) legal implications and conclusions to be drawn from audit and investigative material produced by the OIG. The Counsel's office also administers the civil monetary penalty program.