



Office of the Inspector General

SOCIAL SECURITY ADMINISTRATION

Audit Report

The Social Security Administration's Oversight of Beneficiaries Who Receive Benefits Under the Direct Express® Debit Card Program

A-04-20-50977 June 2023



Office of the Inspector General

SOCIAL SECURITY ADMINISTRATION

MEMORANDUM

Date: June 22, 2023

Refer to: A-04-20-50977

To: Kilolo Kijakazi
Acting Commissioner

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

Subject: The Social Security Administration's Oversight of Beneficiaries Who Receive Benefits Under the Direct Express® Debit Card Program

The attached final report presents the results of the Office of Audit's review. The objectives were to determine whether the Social Security Administration has established internal controls to (1) initiate enrollment, upon request, in the Direct Express® Debit Card program and (2) resolve benefits returned to the Agency because of an unfinished enrollment.

Please provide within 60 days a corrective action plan that addresses each recommendation. If you wish to discuss the final report, please call me or have your staff contact Michelle L. Anderson, Assistant Inspector General for Audit.

Attachment

The Social Security Administration's Oversight of Beneficiaries Who Receive Benefits Under the Direct Express® Debit Card Program

A-04-20-50977



June 2023

Office of Audit Report Summary

Objectives

To determine whether the Social Security Administration (SSA) has established internal controls to (1) initiate enrollment, upon request, in the Direct Express® Debit Card program (Program) and (2) resolve benefits returned to the Agency because of an unfinished enrollment.

Background

The Program provides an option for Old-Age, Survivors and Disability Insurance (OASDI) beneficiaries, Supplemental Security Income (SSI) recipients, and their representative payees to meet the Department of the Treasury's (Treasury) electronic payment requirement. SSA (1) initiates beneficiaries' and representative payees' enrollment in the Program upon their request and (2) resolves benefits Comerica Bank returns because the beneficiary or representative payee did not activate the Direct Express® debit card within 24 months of issuance, referred to as an unfinished enrollment.

Between 2017 and 2021, Comerica Bank returned to SSA approximately \$114 million for 49,649 beneficiaries with an unfinished enrollment, referred to as a backlog. In addition, between April 2021 and July 2022, Comerica Bank returned to SSA quarterly deposits totaling approximately \$18 million for 5,816 beneficiaries, referred to as ongoing unfinished enrollments.

Results

SSA had established internal controls to initiate enrollment in the Program and updated policy to remind staff that the beneficiary or representative payee must verbally consent to having benefits deposited onto a Direct Express® debit card. Also, SSA had established procedures to resolve benefits returned because of an unfinished enrollment.

As of May 2023, SSA had returned, where appropriate, or initiated action on, approximately \$73 million in OASDI benefits and \$26 million in SSI payments of the unfinished enrollment backlog. SSA needs to take action on approximately \$4 million in OASDI benefits and \$8 million in SSI payments.

We recognize that Treasury established the Program and the Direct Express® Financial Agency Agreement is between Treasury and Comerica Bank. However, SSA could improve its communication with beneficiaries and representative payees regarding enrollment in the Direct Express® Debit Card program. SSA could also work with Treasury and Comerica Bank to ensure benefits are delivered promptly.

Recommendations

We made five recommendations including developing a standardized statement to confirm enrollment in the Program and establishing a target completion date to resolve the backlog of unfinished enrollments. We also recommended SSA work with Treasury and Comerica Bank to provide additional instruction on activating the debit card, shorten the timeframe a Direct Express® account is deemed an unfinished enrollment, and explore the reason for undeliverable debit cards.

SSA agreed with our recommendations.

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ABBREVIATIONS

ACH	Automated Clearing House
Agreement	Direct Express® Financial Agency Agreement
OASDI	Old-Age, Survivors and Disability Insurance
OIG	Office of the Inspector General
POMS	Program Operations Manual System
Program	Direct Express® Debit Card Program
Pub. L. No.	Public Law Number
SSA	Social Security Administration
SSI	Supplemental Security Income
Stat.	United States Statutes at Large
Treasury	Department of the Treasury
U.S.C.	United States Code

OBJECTIVES

Our objectives were to determine whether the Social Security Administration (SSA) has established internal controls to (1) initiate enrollment, upon request, in the Direct Express® Debit Card program (Program) and (2) resolve benefits returned to the Agency because of an unfinished enrollment.

BACKGROUND

The Program provides an option for Old-Age, Survivors and Disability Insurance (OASDI) beneficiaries, Supplemental Security Income (SSI) recipients,¹ and their representative payees² to meet the Department of the Treasury's (Treasury) electronic payment requirement.³ Treasury's All-Electronic Payment Initiative requires that all OASDI and SSI applicants who file for benefits select a form of electronic payment. To facilitate compliance, Treasury established the Program and, in 2008, selected Comerica Bank to issue the Direct Express® debit card. As of December 2022, approximately 2.2 million OASDI beneficiaries and 1.8 million SSI recipients had received benefit payments through the Program.⁴

SSA assists beneficiaries and representative payees who choose to participate in the Program by (1) initiating enrollment in the Program upon their request and (2) resolving benefits Comerica Bank returns because the beneficiary or representative payee did not activate the Direct Express® debit card within 24 months of its issuance, referred to as an unfinished enrollment.⁵ Because privacy laws restrict SSA's access to beneficiaries' financial accounts, SSA relies on Comerica Bank to monitor debit card activations and notify the Agency of beneficiaries who have an unfinished enrollment.⁶ Between 2017 and 2021, Comerica Bank returned to SSA approximately \$114 million for 49,649 beneficiaries with an unfinished enrollment, referred to as a backlog.⁷ In addition, between April 2021 and July 2022, Comerica Bank returned to SSA quarterly deposits totaling approximately \$18 million for 5,816 beneficiaries, referred to as ongoing unfinished enrollments.

¹ Unless otherwise noted, we use the term beneficiaries to describe individuals who receive benefits through either the OASDI and/or SSI program.

² A representative payee is a person or organization that receives and manages benefits on a beneficiary's behalf.

³ Beneficiaries, recipients, and representative payees who were receiving payment by check had until March 1, 2013 to switch to a form of electronic payment. Treasury may grant an exception to individuals who meet certain requirements.

⁴ All direct deposits of benefits included approximately 65.3 million OASDI beneficiaries and 7.2 million SSI recipients.

⁵ SSA also contacts Comerica Bank on the beneficiary or representative payee's behalf to assist with locked, frozen, or replacement debit card requests. For other customer service matters, SSA will instruct the beneficiary or representative payee to contact Comerica Bank.

⁶ *Gramm-Leach-Bliley Act*, Pub. L. No. 106-102, §§ 501-502, 113 Stat. 1338, pp. 1436 and 1437 (1999); 15 U.S.C. §§ 6801-6802; *Right to Financial Privacy Act* of 1978, Pub. L. No. 95-630, §§ 1101-1102, 92 Stat. 3697, 3697-3698; 12 U.S.C. §§ 3401-3402.

⁷ In 2020, SSA received approximately \$110 million (96 percent) of the \$114 million in backlog deposits. See Appendix A for the amount of backlog deposits SSA received between 2017 and 2021 and SSA's actions to address the backlog of unfinished enrollments.

To test SSA's process to initiate enrollment in the Program, we reviewed a random sample of 45 beneficiaries with benefits deposited into a Direct Express® account between January 2015 and September 2020. We also mailed requests for a telephone interview to 99 beneficiaries and/or their representative payee who were enrolled in the Program between 2008 and 2017. These beneficiaries had not activated their Direct Express® debit card as of December 2019 after which Comerica Bank closed the account and returned benefits to SSA. To test SSA's process for resolving unfinished enrollments, we reviewed a random sample of 100 beneficiaries⁸ who have an unfinished enrollment and an account balance between \$100 and \$100,000 and the 39 beneficiaries⁹ who have an account balance greater than \$100,000. SSA deposited benefits into these accounts between May 2008 and December 2020.¹⁰

RESULTS OF REVIEW

SSA had established internal controls to initiate enrollment in the Program and updated policy to remind staff that the beneficiary or representative payee must verbally consent to having benefits deposited onto a Direct Express® debit card. Also, SSA had established procedures to resolve benefits returned because of an unfinished enrollment. While SSA's controls allow SSA employees to appropriately initiate enrollment and resolve benefits Comerica Bank returned to SSA, we identified opportunities for SSA to better serve beneficiaries enrolled in the Program. For example, SSA could implement additional procedures to confirm beneficiary and representative payee's intent to enroll in the Program. SSA could also work with Treasury and Comerica Bank to provide additional instruction on activating the debit card, shorten the timeframe a Direct Express® account becomes an unfinished enrollment to ensure benefits are delivered promptly, and explore the cause of undeliverable card-carrier packages.

Enrollment in the Direct Express® Debit Card Program

SSA has controls to initiate enrollment, when requested, in the Program. When employees initiate enrollment, they are required to verify the requestor's identity by requiring they provide the appropriate response to open-ended questions and/or provide documentation that confirms their identity. SSA also requires that employees obtain the beneficiary or representative payee's verbal consent to enroll in the Program.¹¹ To test these controls, we randomly selected 45 beneficiaries¹² and reviewed SSA systems for indication of a fraudulent enrollment or that the beneficiary did not intend to enroll in Direct Express®. We did not identify documented concerns for these beneficiaries.

⁸ For the 100 randomly selected OASDI beneficiaries and SSI recipients, 77 were alive and 23 deceased as of May and July 2021.

⁹ For the 39 OASDI beneficiaries, 29 were alive and 10 deceased as of May 2021.

¹⁰ See Appendix B for our scope and methodology.

¹¹ SSA employees will annotate, in the appropriate system, the Direct Express® selection and obtain information necessary for the enrollment file. Comerica Bank receives the electronic enrollment file; establishes the Direct Express® account; transmits account information to SSA; and mails the requestor a card-carrier package that includes the debit card and information on how to use and activate the card.

¹² We randomly selected 45 individuals from a population of 3.3 million OASDI beneficiaries and SSI recipients with payments deposited into a Direct Express® account established between January 2015 and September 2020.

We also mailed requests for a telephone interview to 99 beneficiaries and/or their representative payee who had not activated their Direct Express® account to inquire (1) whether they authorized enrollment in the Program and (2) why the debit card was not activated. We conducted 18 telephone interviews between February and August 2022. We acknowledge the low response rate to our request for a telephone interview¹³ and interview responses were based on recollection of events that occurred in 2017 and earlier. As such, we did not use the interview responses to opine on SSA's internal controls. However, the interview responses provided insight into why Direct Express® debit cards were not activated. Of the 18 individuals interviewed:

- 5 had agreed to have their benefits deposited into a Direct Express® account, but they were unaware of the 24-month activation timeframe or chose not to use the debit card;
- 2 could not recall whether they agreed to enrollment; and
- 11 stated they did not request enrollment in the Program.

The 11 beneficiaries stated they did not complete enrollment because they were unaware they had an account. When interviewed, seven of these beneficiaries stated they had not contacted SSA concerning a Direct Express® enrollment as they believed all benefits were deposited into their financial institution's account.¹⁴ They were unaware additional benefits were deposited in a Direct Express® account. The remaining four beneficiaries stated they contacted SSA either when they learned of the Direct Express® enrollment or to inquire about benefits they had not received. SSA records contained documentation confirming two of the four beneficiaries contacted SSA about benefits that were deposited into a Direct Express® account.

We cannot confirm whether beneficiaries or their representative payees authorized enrollment in the Program. We recognize SSA requires that employees verify the requestor's identity and obtain verbal consent before it initiates enrollment. However, not all interviewees were aware of the enrollment and that benefits were deposited into a Direct Express® account. Of the 11 interviewees, 8 stated they did not request enrollment even though SSA records indicated a direct deposit confirmation¹⁵ was mailed within 14 days after enrollment.¹⁶ During our field work, SSA revised its policy to include a reminder for staff to obtain verbal consent and not to automatically enroll beneficiaries in the Program. To further improve communication between

¹³ Our request for a telephone interview stated beneficiaries were not required to participate, and declining to participate would have no effect on their Social Security benefits. We mailed the initial request for a telephone interview in February 2022 and mailed follow-up letters to non-responders in March 2022.

¹⁴ For our random sample of 100 and 39 beneficiaries with an account balance greater than \$100,000, we reviewed SSA's payment records to determine whether there was a non-receipt entry related to a Direct Express® unfinished enrollment deposit. Of the 139 records, 15 (11 percent) had at least 1 non-receipt entry related to a Direct Express® unfinished enrollment deposit. For the remaining 124 (89 percent) records, we did not identify a non-receipt entry related to a Direct Express® unfinished enrollment deposit.

¹⁵ SSA mails a confirmation notice for a direct deposit enrollment, change, or cancellation. The notice alerts the beneficiary or representative payee of a direct deposit action but does not specify the financial institution. The notice language includes, "As you requested on or about [date] we changed [your/beneficiary's name] direct deposit information. We will send [your/beneficiary's name] Social Security payments to the new financial institution or account you selected." SSA, POMS, NL 00730.108, B. (November 2, 2018).

¹⁶ For 3 of the 11 interviewees who stated they did not request enrollment in the Program, we did not identify a direct deposit confirmation notice.

SSA and the beneficiary or representative payee, SSA should develop a standardized statement for SSA employees to confirm the beneficiary or representative payee's intent to enroll in the Program and explain Comerica Bank is the financial institution that will mail the debit card and provide instructions on activating the card.

Backlog of Unfinished Enrollments

SSA has established controls to resolve the backlog of benefits Comerica Bank returned because of an unfinished enrollment. Between 2017 and 2021, SSA received approximately \$114 million for 49,649 beneficiaries¹⁷ who had not activated their Direct Express[®] debit card within 24 months of issuance. For this backlog, SSA developed national processing instructions requiring that SSA employees manually record the returned Direct Express[®] benefit(s) to the beneficiary's payment record; review all associated records for the beneficiary; determine whether the beneficiary is due the returned benefits; and reissue benefits, where appropriate.

According to SSA, it had not established a completion date for the backlog because of competing priorities in its processing centers and, especially, its field offices.¹⁸ SSA also stated it de-prioritized the workload in 2020 because of COVID-19, and its field offices have faced significant burdens since they re-opened to the public in April 2022.¹⁹ In February 2022, SSA prioritized the 39 beneficiaries with an account balance greater than \$100,000 and, in April 2022, it assigned the remaining accounts to SSA employees in its processing centers (OASDI backlog) and field offices (SSI backlog).

To test SSA's controls over resolving the backlog of unfinished enrollments, we reviewed actions taken for our 139 sampled beneficiaries. As of August 2022, SSA had completed, or initiated action on, 94 cases.²⁰ Except for two cases, SSA had properly completed, or initiated action to resolve, benefits returned for these beneficiaries. We confirmed with SSA the two cases required additional action.²¹ As of May 2023, SSA's Unfinished Enrollment Tracking Tool,²² indicated the processing centers had completed or initiated action on 22,298 (95 percent) OASDI cases while its field offices had completed or initiated action on 18,782

¹⁷ For 55 percent of beneficiaries, SSA made one deposit in the Direct Express[®] account.

¹⁸ SSA's Office of Public Service and Operations Support, in the Office of the Deputy Commissioner of Operations, receives a monthly report to monitor progress with completing the backlog.

¹⁹ In a prior audit, we reported SSA stated the pandemic presented unprecedented challenges to workloads and customer service delivery. On March 11, 2020, the World Health Organization declared COVID-19 a pandemic. On March 17, 2020, SSA began limiting in-person services and redirecting customers to online and telephone service channels in response to the pandemic. On April 7, 2022, SSA reopened Social Security offices to walk-in service. SSA, OIG, *Comparing the Social Security Administration's Workload Statistics During the COVID-19 Pandemic to Prior Years*, A-05-21-51062, p. 2 (July 2022).

²⁰ For the 139 sampled beneficiaries, SSA had not taken action on 45 cases. Of these, 39 were for SSI recipients, 5 were for OASDI beneficiaries, and 1 received both SSI and OASDI benefits.

²¹ For the first beneficiary, SSA documentation stated the returned Direct Express[®] payments had been reimbursed. However, further review found SSA had not repaid the beneficiary who was due \$504 in returned Direct Express[®] deposits. For the second beneficiary, SSA recorded the \$592 in returned Direct Express[®] deposits. However, the beneficiary was deceased, and SSA's records did not contain documentation of estate or next of kin development. As of March 2023, SSA had not taken additional action for the two beneficiaries.

²² SSA developed the Unfinished Enrollments Tracking Tool to record the backlog of benefits received and actions taken to resolve a case.

(77 percent) SSI cases. For these beneficiaries, SSA returned, where appropriate, or initiated action on approximately \$73 million in OASDI benefits and approximately \$26 million in SSI payments received from Comerica Bank. SSA employees need to process 1,177 (5 percent) OASDI cases and 5,506 (23 percent) SSI cases. For these unresolved cases, SSA has not taken action on approximately \$4 million in OASDI benefits and approximately \$8 million in SSI payments received from Comerica Bank.²³

We acknowledge SSA's processing centers' progress with resolving OASDI backlog cases and the challenges its field offices face as COVID-19 has affected workloads and customer service delivery. We also recognize both OASDI and SSI recipients rely on their benefits to meet current and future needs. SSA policy²⁴ notes the SSI program is a means-tested program, and its SSI recipients are expected to regularly access their payments. SSA should ensure SSI recipients promptly receive entitled payments, where appropriate, since these benefits were initially deposited into a Direct Express[®] account between 2008 and 2017. SSA should work with its processing centers and regional offices to establish a target completion date to resolve the backlog of unfinished enrollments.

Ongoing Unfinished Enrollments

Comerica Bank will return future benefits to SSA through the Automated Clearing House (ACH) process when the Direct Express[®] debit card was not activated within 24 months of its issuance. For these ongoing unfinished enrollments, SSA receives returned benefits each quarter. Between April 2021 and July 2022, SSA received ACH deposits totaling approximately \$18 million for 5,816 beneficiaries²⁵ who did not activate the Direct Express[®] debit card within 24 months of issuance. The ACH process allows for automated recording and reissuing of returned Direct Express[®] deposits, unlike the backlog cases that require manual recording and processing. When the ACH process annotates the benefit record to identify a returned Direct Express[®] deposit(s), SSA's systems²⁶ can apply certain rules to determine whether the beneficiary is due the returned benefits, and the system can reissue all or partial benefits. The ACH process allows for faster resolution of benefits Comerica Bank returned to SSA because of an unfinished enrollment.²⁷

²³ We did not determine the discrepancy between the number and total deposits for backlog cases in SSA's Unfinished Enrollments Tracking Tool (47,763 beneficiaries with deposits totaling approximately \$111 million) when compared to the Comerica Bank files (49,649 beneficiaries with deposits totaling approximately \$114 million) we received from SSA.

²⁴ SSA, POMS, GN 02401.904, B. (May 14, 2019).

²⁵ For 49 percent of beneficiaries, SSA made one deposit in the Direct Express[®] account.

²⁶ For returned SSI payments, the SSA system involved is the SSI System. For returned OASDI benefits, the two SSA systems involved are the Returned Check Action and Manual Adjustment Credit and Award Date Entry systems.

²⁷ Our review of ACH was limited to gaining an understanding on how the process worked.

Opportunities for the Agency to Better Serve Its Beneficiaries

We recognize that Treasury established the Program, and the Direct Express[®] Financial Agency Agreement (Agreement) is between Treasury and Comerica Bank. However, to ensure benefits are delivered promptly, SSA could work with Treasury and Comerica Bank to shorten the timeframe a Direct Express[®] account is deemed an unfinished enrollment. The Agreement initially determined an account not activated within 12 months of issuance was an unfinished enrollment. The Agreement later revised the timeframe to 24 months, after which Comerica Bank would close the account and return benefits to SSA. Comerica Bank told us the timeframe was revised to 24 months based on a history of card activations and initial deposits that occurred months after enrollment. However, SSA should work with Treasury and Comerica Bank to determine whether a shorter timeframe is in its OASDI and SSI recipients' best interest.

SSA also could work with Treasury and Comerica Bank to determine why Direct Express[®] debit cards are returned as undeliverable mail. When SSA initiates enrollment, it includes the beneficiary's address in the enrollment file. Comerica Bank informed us it uses this address to mail the Direct Express[®] debit card and destroys undeliverable card-carrier packages. Comerica Bank does not notify SSA of undeliverable mail. Comerica Bank stated, for February through April 2022, there were an average 6,900 undeliverable card-carrier packages a month. For the same 3 months, Comerica Bank stated SSA averaged approximately 42,000 enrollments a month. Although Comerica Bank could not provide the percentage of undeliverable mail attributable to SSA beneficiaries, it stated 99 percent of Direct Express[®] cardholders received payments from SSA.²⁸ Exploring reasons for undeliverable debit cards will allow SSA to promptly notify beneficiaries or their representative payees of an undeliverable debit card associated with a Direct Express[®] account or identify incorrect information preventing delivery of entitled benefits.

Comerica Bank stated privacy laws restrict it from disclosing to SSA the beneficiaries with an undeliverable Direct Express[®] debit card. We believe there are avenues SSA may pursue, with both Comerica Bank and Treasury, to obtain information about undeliverable card-carrier packages. These options include (1) requesting information²⁹ from Comerica Bank under the authority of the *Social Security Act*,³⁰ (2) Comerica Bank releasing the information proactively under an exception to the *Gramm-Leach-Bliley Act*,³¹ and (3) asking Treasury to amend its Agreement with Comerica Bank. We acknowledge that each option has limitations and additional discussions and research with the parties will be needed.

²⁸ Agencies that participate in the Program include the Coast Guard, Defense Finance and Accounting, Department of Labor, Office of Personnel Management, Railroad Retirement Board, Treasury, and Department of Veterans Affairs.

²⁹ Applies to SSI claims only.

³⁰ *Social Security Act* § 1631, 42 U.S.C. § 1383(e)(1)(B).

³¹ *Gramm-Leach-Bliley Act*, Pub. L. No. 106-102, §§ 501-502, 113 Stat. 1338, pp. 1436 and 1437 (1999); 15 U.S.C. §§ 6801-6802.

CONCLUSIONS

SSA has controls to initiate enrollment in the Program. However, beneficiaries and representative payees lost access to benefits deposited in a Direct Express® account because they did not activate the debit card within 24 months of issuance. Between 2017 and 2022, there were 55,465 beneficiaries with deposits totaling approximately \$132 million returned to SSA because they did not complete the activation process. Without improved communication regarding enrolling in Direct Express® and the activation requirement, SSA beneficiaries and representative payees will continue losing access to entitled benefits.

RECOMMENDATIONS

We recommend SSA:

1. Develop a standardized statement for SSA employees to confirm the beneficiary or representative payee's intent to enroll into the Program and explain Comerica Bank is the financial institution that will mail the debit card and provide instructions on activating the card. The standardized statement could also include such information as the Direct Express® customer service telephone number.
2. Work with Treasury and Comerica Bank to provide additional instruction to newly enrolled individuals on activating their Direct Express® debit cards within the prescribed enrollment period.
3. Work with its processing centers and regional offices to establish a target completion date to resolve the backlog of unfinished enrollments.
4. Work with Treasury and Comerica Bank to determine whether a shorter timeframe is needed before a Direct Express® account is deemed an unfinished enrollment.
5. Work with Treasury and Comerica Bank to explore the reason for undeliverable debit cards.

AGENCY COMMENTS

SSA agreed with our recommendations, see Appendix C.



Michelle L. Anderson
Assistant Inspector General for Audit

APPENDICES

Appendix A –DIRECT EXPRESS® UNFINISHED ENROLLMENTS

The Social Security Administration (SSA) received approximately \$114 million for 49,649 Old-Age, Survivors and Disability Insurance (OASDI) beneficiaries and Supplemental Security Income (SSI) recipients¹ who received benefits on a Direct Express® debit card not activated within 24 months of issuance, referred to as a backlog. SSA deposited benefits in the Direct Express® accounts between May 2008 and December 2020. Total deposits for these beneficiaries ranged from \$2 to \$247,000. The number of individual deposits ranged between 1 and 154. For 55 percent of beneficiaries, SSA made one deposit in the Direct Express® account.

For the backlog of unfinished enrollments, Table A–1² shows the amount of deposits, by SSA program, for living and deceased beneficiaries. Table A–2³ shows the number of living and deceased beneficiaries, by SSA program, in the backlog population.

Table A–1: Direct Express® Deposits for the Backlog Unfinished Enrollments

Category	Living Beneficiaries	Deceased Beneficiaries	Total
Total OASDI Deposits	\$53,736,018	\$20,698,626	\$74,434,644
Total SSI Deposits	26,205,118	7,525,562	33,730,680
Total Deposits for Concurrent Beneficiaries	4,311,810	1,757,498	6,069,308
Total Deposits	\$84,252,946	\$29,981,686	\$114,234,632

Table A–2: Direct Express® Beneficiaries for the Backlog Unfinished Enrollments

Category	Living Beneficiaries	Deceased Beneficiaries	Total
Number of OASDI Beneficiaries	18,213	6,017	24,230
Number of SSI Recipients	17,662	6,378	24,040
Number of Concurrent Beneficiaries	953	426	1,379
Total Beneficiaries and Recipients	36,828	12,821	49,649

¹ Unless otherwise noted, we use the term beneficiaries to describe individuals who receive benefits through either the OASDI and/or SSI program.

² Concurrent beneficiaries receive both OASDI benefits and SSI payments. SSA records identified the beneficiary as alive or deceased as of May 2021.

³ See Footnote 2.

SSA has taken the following actions to address the backlog of unfinished enrollments:

- Worked with Comerica Bank and the Department of the Treasury (Treasury) to ensure it received only the Social Security benefits that were deposited in an unfinished enrollment account.⁴ Table A–3 shows the benefits returned to SSA, by year, for the backlog of unfinished enrollments.

Table A–3: Deposits Returned to SSA Between 2017 and 2021 for the Backlog Unfinished Enrollments

Year Benefits Returned to SSA	Amount of Benefits Returned to SSA	Percent of Benefits Returned to SSA
2017	\$872,968	0.8
2018	597,248	0.5
2019	2,531,637	2.2
2020	109,834,065	95.8
2021	758,915	0.7
Total	\$114,594,833	100.0

- Developed the Unfinished Enrollments Tracking Tool to document returned benefits and record actions taken to resolve a case.
- In April 2021, developed national processing instructions requiring that SSA staff manually record the returned Direct Express® benefit(s) to the beneficiary’s payment record; review all associated records for the beneficiary; determine whether the beneficiary is due the returned benefits, and reissue benefits, where appropriate. For example, an SSA employee will determine whether the beneficiary is due the entire amount of returned benefits or was previously repaid or whether benefits should be applied to recover an overpayment.
- In September 2021, aired a video-on-demand as part of its training materials for SSA staff assigned to resolve benefits returned because of an unfinished enrollment.
- In February 2022, instructed its processing centers to prioritize the unfinished enrollment accounts with a balance greater than \$100,000. SSA noted these are the most critical cases, are of high interest, and should be reviewed as soon as possible. SSA has completed or initiated action for all beneficiaries that had a balance greater than \$100,000.⁵

⁴ Agencies that participate in the Direct Express® Debit Card program include the Coast Guard, Defense Finance and Accounting, Department of Labor, Office of Personnel Management, Railroad Retirement Board, Treasury, and Department of Veterans Affairs. As such, SSA worked with Comerica Bank and Treasury to ensure it did not receive benefits deposited by other agencies.

⁵ There were 39 OASDI beneficiaries with an account balance greater than \$100,000.

- In February 2022, SSA revised its sensitive policy reminding staff not to automatically enroll beneficiaries into the Direct Express® Debit Card program. The beneficiary or representative payee must verbally consent to benefits being deposited in a Direct Express® account.
- Consulted with its Office of Labor, Management, and Employee Relations to determine labor obligations, if any, that may affect releasing the backlog to assigned staff.
- In April 2022, issued a directive to distribute the remaining backlog to assigned SSA staff.

Beginning April 2021, SSA receives quarterly files of Direct Express® accounts not activated within 24 months of issuance, referred to as ongoing unfinished enrollments. Benefits returned to SSA, quarterly, will be resolved through the Automated Clearing House (ACH) process, except when manual intervention is required. Between April 2021 and July 2022, SSA received approximately \$18 million for 5,816 beneficiaries with an unfinished enrollment. SSA deposited benefits in the Direct Express® accounts between April 2018 and April 2022. Total deposits for these beneficiaries ranged from \$1 to \$101,000.⁶ The number of individual deposits ranged from 1 and 83.⁷ For 49 percent of beneficiaries, SSA made one deposit in the Direct Express® account. Table A–4, shows the amount of benefits returned through the ACH process, by SSA program, for ongoing unfinished enrollments.

Table A–4: Direct Express® Deposits Returned Through the ACH Process

Category	Number of Beneficiaries	Amount of Deposits
OASDI Beneficiaries	2,031	\$8,339,899
SSI Recipients	2,075	3,250,989
Concurrent Beneficiaries	96	366,503
Type of Benefit Not Specified	1,614	5,810,099
Total Beneficiaries and Recipients	5,816	\$17,767,490

⁶ The beneficiary with deposits totaling approximately \$100,797 received two back payments of \$40,814 and \$14,005 and monthly benefits totaling \$45,978.

⁷ The beneficiary with 83 individual deposits received multiple monthly benefits consisting of concurrent benefits under his own Social Security number and OASDI benefits under a parent's Social Security number.

Appendix B –SCOPE AND METHODOLOGY

To accomplish our objective, we:

- Reviewed pertinent sections of the Social Security Administration’s (SSA) policies and procedures, applicable laws, regulations, and prior Office of the Inspector General reports.
- Reviewed the Direct Express® Financial Agency Agreement¹ and associated amendments and instructional bulletins.
- Interviewed SSA, Department of the Treasury, and Comerica Bank staff to understand their roles under the Direct Express® Debit Card program.
- Randomly selected 45 individuals, from a population of 3.3 million Old-Age, Survivors and Disability Insurance (OASDI) beneficiaries and Supplemental Security Income (SSI) recipients with payments deposited into a Direct Express® account established between January 2015 and September 2020, to test SSA’s process to initiate enrollment in the Direct Express® Debit Card program. We reviewed SSA records and systems for indication of a fraudulent enrollment or that the beneficiary did not intend to enroll in Direct Express®.
- Selected 139 OASDI beneficiaries and SSI recipients to test SSA’s manual process to resolve benefits returned to SSA for the backlog of unfinished enrollments.²
 - From the population of 49,649 backlog cases, we:
 - Randomly selected 100 OASDI beneficiaries and SSI recipients³ whose Direct Express® account balance was greater than \$100 but less than \$100,000.
 - Selected all 39 OASDI beneficiaries⁴ with a Direct Express® account balance over \$100,000. There were no SSI recipients with an account balance over \$100,000.
 - Reviewed SSA’s national processing instructions, Unfinished Enrollment Tracking Tool,⁵ and applicable SSA procedures and policy to determine whether SSA appropriately initiated action to resolve benefits returned to SSA, or properly withheld or reissued returned benefits.

¹ The Agreement is between the Department of the Treasury and Comerica Bank.

² Unfinished enrollments are Direct Express® accounts not activated within 24 months of issuance.

³ For the 100 randomly selected OASDI beneficiaries and SSI recipients, 77 were alive and 23 deceased as of May and July 2021.

⁴ For the 39 OASDI beneficiaries, 29 were alive and 10 deceased as of May 2021.

⁵ SSA’s database for documenting the backlog of Direct Express® returned benefits and actions taken to resolve the cases.

- Traced eight unfinished enrollment cases Comerica Bank returned to SSA through the Automated Clearing House process to gain an understanding of the process.⁶
- Reviewed ongoing Direct Express[®] unfinished enrollment files, submitted quarterly through the Automated Clearing House process, to identify similarities or differences among the ongoing and backlog cases.
- Mailed a request for an interview to 99 unfinished enrollment beneficiaries⁷ and/or their representative payee to inquire whether they authorized enrollment in the Direct Express[®] Debit Card program and why the debit card was not activated.

The entities audited were the Offices of Budget, Finance, and Management; Operations; and Systems. We conducted the audit work between May 2021 and November 2022. We determined the computer-processed data were sufficiently reliable for our intended use. We conducted tests to determine the completeness and accuracy of the data primarily by tracing information in the data to SSA benefit, payment, and Numident records. We also determined the Direct Express[®] unfinished enrollment files were sufficiently reliable for our intended use. SSA must rely on Comerica Bank to identify unfinished enrollment accounts. We confirmed with Comerica Bank that SSA provided us the complete unfinished enrollment files. We tested the accuracy of the unfinished enrollment files by tracing the data elements to SSA benefit and payment records. We determined the data were sufficiently reliable for the purposes of responding to our objectives.

We assessed the significance of internal controls necessary to satisfy the audit objectives. This included an assessment of the five internal control components, including control environment, risk assessment, control activities, information and communicating, and monitoring. In addition, we reviewed the principle of internal controls associated with the audit objectives. We identified the following components and principles as significant to the audit objective:

- Component 3: Control Activities
 - Principle 12: Implement control activities
- Component 4: Information and Communication
 - Principle 15: Communicate externally
- Component 5: Monitoring
 - Principle 16: Perform monitoring activities

⁶ This process allows for automated recording and reissuing of returned Direct Express[®] deposits, unlike the backlog cases that require manual recording and processing.

⁷ For the 139 selected records, there were 106 living beneficiaries as of May and July 2021. For the 106 beneficiaries, we mailed a request for a telephone interview to 99 and/or their representative payee and omitted 7 beneficiaries because their death occurred after our sample selection (4), SSA's record showed a prior fraud attempt (2), or the beneficiary was in prison (1).

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 objectives. We believe the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Appendix C – AGENCY COMMENTS



SOCIAL SECURITY

MEMORANDUM

Date: June 5, 2023

Refer To: TQA-1

To: Gail S. Ennis
Inspector General

From: Scott Frey 
Chief of Staff

Subject: Office of the Inspector General Draft Report “The Social Security Administration’s Oversight of Beneficiaries Who Receive Benefits Under the Direct Express Debit Card Program” (A-04-20-50977)—INFORMATION

Thank you for the opportunity to review the draft report. We agree with the recommendations.

Please let me know if I can be of further assistance. You may direct staff inquiries to Trae Sommer at (410) 965-9102).



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