Office of the Inspector General
SOCIAL SECURITY ADMINISTRATION

MEMORANDUM

Date: September 25, 2026 **Refer To:** 052503

To: Frank Bisignano
Commissioner

From: Michelle L. Anderson Michelle L. Anderson
Assistant Inspector General for Audit as First Assistant

Subject: Beneficiaries Living in Restricted Countries

The attached final report presents the Office of Audit's results of the subject review. The objective was to determine whether the Social Security Administration paid beneficiaries who were residing in restricted countries in the former Soviet Union in accordance with policy.

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 Jeffrey T. Brown, Deputy Assistant Inspector General for Audit.

Attachment

AUDIT REPORT

OBJECTIVE

Our objective was to determine whether the Social Security Administration (SSA) paid beneficiaries who were residing in specific restricted countries in the former Soviet Union in accordance with policy.

BACKGROUND

SSA administers the Old-Age, Survivors, and Disability Insurance (OASDI) program under Title II of the *Social Security Act*.[1] U.S. citizens and noncitizens who meet certain eligibility requirements can receive OASDI payments while they live abroad.[2] However, the Department of the Treasury prohibits sending payments to beneficiaries who reside in Cuba and North Korea.[3] Additionally, SSA maintains a list of countries to which it restricts payments because it cannot verify access to vital records or arrange orderly payment distribution.[4] When a beneficiary moves to one of the restricted-payment countries, SSA updates the beneficiary's address and suspends payments.

Before July 1968, the Department of the Treasury prohibited sending Social Security benefits to, or on behalf of, beneficiaries residing in the Union of Soviet Socialist Republics. The Department of the Treasury lifted these restrictions in July 1968; however, SSA continued to prohibit sending payments to beneficiaries residing in nine countries of the former Soviet Union: Azerbaijan, Belarus, Kazakhstan, Kyrgyzstan, Moldova, Tajikistan, Turkmenistan, Ukraine, and Uzbekistan.[5] SSA continued to prohibit payments to these countries because the Agency could not secure assurance from these foreign governments (via the Department of State) that SSA would have free access to the claimants or beneficiaries and vital statistics records from these countries.

Federal Benefits Units at Foreign Service Posts

SSA has an Interagency Agreement with the Department of State to perform work on behalf of SSA and its beneficiaries.[6] SSA and the Department of State have established 21 Federal Benefits Units (FBU) at Foreign Service Posts (FSP) in American Embassies and Consulates in countries that have a high concentration of SSA beneficiaries.

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[1] *Social Security Act*, 42 U.S.C. § 401.

[2] *Social Security Act*, 42 U.S.C. §§ 401, 402(t) (1935).

[3] SSA, *POMS*, RS 02650.001 (March 7, 2018).

[4] *SSA, POMS*, VB 01201.015 (April 30, 2026).

[5] SSA does not restrict payments to beneficiaries who reside in the remaining countries of the former Soviet Union: Armenia, Estonia, Georgia, Latvia, Lithuania, and Russia.

[6] An Interagency Agreement is established when a Federal agency agrees to perform work for SSA and is reimbursed by SSA for that work.

The FBUs assist beneficiaries who reside in restricted countries by providing necessary forms, assisting applicants in completing forms, arranging medical appointments, developing claims, following up with SSA when necessary, and processing applications for Social Security numbers. To ensure uniformity of SSA Federal benefit processes across the FBUs, SSA trains FBU staff in SSA policies and procedures, provides technical and administrative support, instructions, and conducts periodic administrative or program reviews of FBU operations.

Special Payment Procedures

In 2005, SSA implemented a special payment policy for beneficiaries residing in Azerbaijan, Belarus, Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, and Uzbekistan. The special payment policy does NOT apply to individuals who reside in Moldova and Ukraine. Under the special payment policy, SSA pays beneficiaries who meet, and agree to, certain conditions that help ensure payment integrity in countries where SSA has been unable to obtain the necessary guarantees of access.[7]

For an eligible beneficiary to receive payments while they are in a restricted country, they must agree to fulfill additional reporting requirements. Beneficiaries who move to a restricted country and want to receive benefits in that country must contact the FSP in that country or an FBU in their service area to request payment. During an initial interview, FSP or FBU employees must explain the restricted payment conditions and prepare a statement that the person understands and agrees with them. SSA policy requires that beneficiaries agree to fulfill additional reporting requirements, and SSA's Program Policy and Data Exchange must approve the payments. For example, to continue receiving benefits, a beneficiary (and qualified representative payee) must (both) appear personally at the FSP or FBU every 6 months and show proof of identity.[8]

SCOPE AND METHODOLOGY

We identified 451 beneficiaries who (1) had addresses in countries that were part of the former Union of Soviet Socialist Republics to which SSA restricted payments[9] and (2) received at least one benefit payment between January 1, 2020 and December 31, 2025. We selected a random sample of 60 beneficiaries for review. For more information about our scope and methodology, see Appendix A.

RESULTS OF REVIEW

Of the 60 beneficiaries in our sample, SSA paid 37 (62 percent) in accordance with policy. However, SSA did not pay the remaining 23 (38 percent) in accordance with policy. We did not find evidence the FSP and FBU complied with the required special payment procedures. SSA paid these 23 beneficiaries about $1.5 million. See Appendix B for additional information about our sampling methodology and results.

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[7] SSA removed Moldova and Ukraine from the special payment policy December 15, 2021.

[8] *SSA*, *POMS*, RS 02650.040 (December 15, 2021).

[9] *SSA*, *POMS,* RS 02650.020 (April 14, 2022).

These improper payments occurred because SSA did not establish uniform policies and procedures to enforce the Agency's special payment requirements for beneficiaries who reside in restricted countries.

Special Payment Procedures

SSA paid 23 beneficiaries approximately $1.5 million even though it had no evidence they visited the FBUs every 6 months and provided proof of identity, as required, to continue receiving benefits.

- The FBU in Warsaw, Poland, which had jurisdiction over 16 of the 23 beneficiaries, had an established process to track beneficiaries who were residing in restricted countries and therefore were required to visit the embassies every 6 months; however, there was no evidence in SSA's systems that these 16 beneficiaries visited the FBU. SSA paid these beneficiaries approximately $1.3 million.

- The FBU in Athens, Greece, which had jurisdiction over the remaining seven beneficiaries, did not have an established process to track beneficiaries who were residing in restricted countries and required to visit the embassy every 6 months. There was no evidence in SSA's systems that these seven beneficiaries visited the FBU. SSA paid these beneficiaries approximately $200,000.

This occurred because SSA did not have a uniform process in place to ensure (1) beneficiaries residing in restricted countries complied with the requirement that they visit the FSP or FBU every 6 months and provide proof of identity to continue receiving benefits and (2) employees suspend beneficiaries' payments when they did not comply with these requirements.

SSA's Interagency Agreement with the Department of State requires that FSPs and FBUs interview these beneficiaries every 6 months, but SSA did not provide the FSPs and FBUs the necessary technical and administrative support, training, and instructions to

- identify the beneficiaries residing in restricted countries to whom the special payment requirements applied;

- track and document their required visits every 6 months; and

- notify SSA if beneficiaries fail to comply with the 6-month visit requirement so the Agency can suspend/terminate their benefit payments.

Instead, SSA relied on the FSPs and FBUs to implement their own processes and procedures, which resulted in them having no, or ineffective, procedures that were inconsistent among the FSPs and FBUs.

Policy Listing Restricted Countries

In December 2021, SSA removed Ukraine and Moldova from its special payment policy for restricted countries to allow beneficiaries to receive benefits without completing additional requirements.[10] As a result, beneficiaries residing in the two countries were no longer subject to the special payment procedures and were allowed to receive their benefits without restrictions. SSA instructed its employees on reinstating and resuming payments for beneficiaries in Ukraine and Moldova. However, because of an administrative oversight, the Agency did not remove Ukraine and Moldova from its restricted countries list.

Because Ukraine and Moldova remained on the restricted countries list, we included beneficiaries residing in those countries in our sample population of 60 beneficiaries. Of the 60 beneficiaries, 33 resided in Ukraine or Moldova. SSA properly paid these 33 beneficiaries $1.1 million without restrictions.

SSA took corrective actions in August 2026 to address our finding.

CONCLUSION

When SSA does not have uniform policies and procedures to enforce its special payment requirements for beneficiaries who reside in restricted countries, the Agency may improperly pay these beneficiaries without verifying their eligibility. Based on our sample results, we estimate SSA paid approximately $9.1 million to 173 beneficiaries who resided in restricted countries, and there was no evidence they complied with the special payment procedure requirements.

RECOMMENDATIONS

We recommend SSA:

1. Take appropriate action for the 23 beneficiaries who did not comply with the requirements of the special payment policy.

2. Establish policy and procedures for the FBU and FSPs to administer the special payment procedures.

AGENCY COMMENTS

SSA agreed to implement our recommendations; see Appendix C.

[10] *SSA, POMS*, RS 02650.040 (December 15, 2021).

APPENDIX A – SCOPE AND METHODOLOGY

To accomplish our objective, we:

- Reviewed the applicable sections of the *Social Security Act*, United States Code, and Social Security Administration's (SSA) Program Operations Manual System.
- Interviewed SSA subject-matter experts to obtain an understanding of SSA's process pertaining to special payment requirements for beneficiaries who reside in restricted countries.
- From all segments of SSA's Master Beneficiary Record (MBR), we identified 451 beneficiaries who (1) had addresses in countries that were part of the former Union of Soviet Socialist Republics to which SSA restricted payments[1] and (2) received at least 1 benefit payment between January 1, 2020 and December 31, 2025.
- Selected a random sample of 60 beneficiaries from the population to determine whether employees followed SSA's special payment policy requirements for beneficiaries who reside in restricted countries.
- Reviewed queries from the MBR, Evidence Portal, Online Retrieval System to determine the actions SSA had taken.
- Provided SSA the potential error cases for its review and updated our analysis based on their feedback.

We conducted our review from February to July 2026. The principal entity evaluated was the Office of Central Processing. We assessed the significance of internal controls necessary to satisfy the evaluation objective. This included an assessment of the five internal control components: control environment, risk assessment, control activities, information and communication, and monitoring. In addition, we reviewed the principles of internal controls associated with the evaluation objective. We identified the following components and principles as significant to the evaluation objective.

- Component 3: Control Activities
    - Principle 12: Implement control activities
- Component 5: Monitoring
    - Principle 16: Perform monitoring activities

This evaluation was conducted in accordance with the Council of Inspectors General on Integrity and Efficiency's Quality Standards for Inspection and Evaluation. We planned and performed the evaluation to obtain sufficient, appropriate evidence, and we believe the evidence we obtained provides a reasonable basis for our findings and conclusion based on our objective.

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[1] *SSA, POMS,* RS 02650.020 (April 14, 2022).

APPENDIX B – SAMPLING METHODOLOGY AND RESULTS

To conduct this review, we used a simple random sample statistical approach. This is a standard statistical approach used to create a sample from a population completely at random. As a result, each sample item had an equal chance of being selected throughout the sampling process, and the selection of one item had no impact on the selection of other items. Therefore, we were guaranteed to choose a sample that represented the population, absent human biases, and ensured statistically valid conclusions of, and projections to, the entire population under review. Our sampling approach for this review ensures our reported projections are statistically sound and defensible.

To determine whether SSA paid beneficiaries, in accordance with policy, residing in specific restricted countries in the former Union of Soviet Socialist Republics, we obtained a data extract from all segments of SSA's Master Beneficiary Record to identify 451 beneficiaries who (1) had addresses in countries that were part of the former Union of Soviet Socialist Republics to which SSA restricted payments[1] and (2) received at least 1 benefit payment between January 1, 2020 and December 31, 2025. From this population, we selected a random sample of 60 beneficiaries for review.

Table B-1: Population and Sample Size

Description	Beneficiaries
Population Size	451
Sample Size	60

SSA paid $1.5 million to 23 of the 60 beneficiaries in our sample despite no evidence that they complied with the special payment requirements. Projecting these results to the population, we estimate SSA paid approximately $9.1 million to 173 beneficiaries who resided in restricted countries and there was no evidence that they complied with the special payment procedure requirements.

Table B–1: Improper Payments

Description	Beneficiaries	Improper Payments
Sample Results	23	$1,131,270.50[2]
Point Estimate	173	$8,796,603
Projection - Lower Limit	129	$5,864,327
Projection - Upper Limit	221	$11,728,880
Total Projected Error Amount (Point Estimate + Outlier Actual Amount $330,163)		$9,126,766

Note: All statistical projections are at the 90-percent confidence level.

[1] *SSA, POMS,* RS 02650.020 (April 14, 2022).

[2] We determined two error amounts, $177,066 and $153,097, totaling $330,163, to be outliers in the data set and excluded them from our projections and will use the actual value of the errors.

APPENDIX C – AGENCY COMMENTS

SOCIAL SECURITY
Office of the Commissioner

MEMORANDUM

Date: September 18, 2026 Refer To: TQA-1

To: Michelle L. Anderson
Assistant Inspector General for Audit as First Assistant

From: Chad Poist
Chief Risk Officer

Subject: Office of the Inspector General Draft Memorandum "Beneficiaries Living in Restricted Countries" (052503) -- 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 Amy Gao, Director of the Audit Liaison Staff.

SOCIAL SECURITY ADMINISTRATION BALTIMORE, MD 21235-0001