
**OFFICE OF
THE INSPECTOR GENERAL**

SOCIAL SECURITY ADMINISTRATION

**TITLE II BENEFICIARIES
IN ENGLAND**

December 2006 A-01-06-26131

AUDIT REPORT



Mission

By conducting independent and objective audits, evaluations and investigations, we inspire public confidence in the integrity and security of SSA's programs and operations and protect them against fraud, waste and abuse. We provide timely, useful and reliable information and advice to Administration officials, 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

We strive for continual improvement in SSA's programs, operations and management by proactively seeking new ways to prevent and deter fraud, waste and abuse. We commit to integrity and excellence by supporting an environment that provides a valuable public service while encouraging employee development and retention and fostering diversity and innovation.



SOCIAL SECURITY

MEMORANDUM

Date: December 11, 2006 **Refer To:**

To: The Commissioner

From: Inspector General

Subject: Title II Beneficiaries in England (A-01-06-26131)

OBJECTIVE

Our objective was to confirm the identity of United States (U.S.) Social Security beneficiaries residing in England.

BACKGROUND

The Social Security Administration (SSA) pays retirement, disability or survivor benefits to eligible individuals under Title II of the Social Security Act. Generally, beneficiaries can receive Title II benefits while residing outside the U.S.¹ As of May 1, 2006, there were 24,389 Title II beneficiaries residing in England—and 12,213 of them were 70 years of age or older and receiving \$100 or more in monthly benefits.

SSA contacts each beneficiary in England by mail once every 2 years, or once a year if benefits are handled by a representative payee, to determine whether any events affecting payment have occurred.² Additionally, SSA routinely sends personnel to visit beneficiaries who are 100 years of age or older to ensure they are still alive and, therefore, eligible for benefits. A validation survey whereby SSA staff makes personal contact with a sample of beneficiaries to confirm identity and eligibility of beneficiaries in England was last conducted in 2003.

When beneficiaries reside outside the U.S., there is an increased risk that SSA will not timely detect events that could affect beneficiaries' eligibility or payment amounts. We selected a random sample of 200 Title II beneficiaries in England for personal contact to verify they were alive. In addition, we included all seven beneficiaries in England who were 100 years of age or older for review. (For more information about our scope and methodology, see Appendix B.)

¹ However, various laws prohibit payments to beneficiaries residing in specific countries. See 31 C.F.R. Part 211; SSA, Program Operations Manual System (POMS), RS 02650.001 and GN 02605.470. Additionally, SSA restricts payments to some countries. SSA, POMS, RS 02650.001.B.

² See SSA, POMS, RS 02655.001 and RS 02655.005.

RESULTS OF REVIEW

Generally, we confirmed the identities of the majority of the sampled Title II beneficiaries residing in England. Of the 207 beneficiaries included in our review:

- 199 (or about 96 percent) were alive and properly receiving benefits. However, as a result of our visit, we identified 1 beneficiary who was overpaid but the overpayment was previously undetected by SSA.
- 6 beneficiaries' deaths (or about 3 percent) were reported to SSA and the Agency stopped their benefits timely.
- 1 beneficiary's death was unreported and not detected until our review.
- 1 was still being developed as of November 28, 2006.³

Unreported Death

During our visit to the address on SSA's record for one beneficiary, we determined the beneficiary no longer lived there. We sent a letter to the address on SSA's record for the beneficiary's wife—which was a different address than the beneficiary's. The beneficiary's daughter replied to our letter and informed us the beneficiary died in January 2005 and his wife (who also received benefits) died in July 2006. These beneficiaries were overpaid \$5,689 in benefits between February 2005 and September 2006. Additionally, if SSA had not terminated the benefits based upon our review, the Agency would have paid these individuals \$8,052 in benefits over the next 12 months.⁴

Federal Benefits Unit Service to Beneficiaries

During our visits, we inquired about the service the beneficiaries received from the Federal Benefits Unit (FBU) at the U.S. Embassy in London. Beneficiaries who sought assistance from the FBU reported being satisfied with the service they received.

Office of the Inspector General Service to Beneficiaries

In several instances, we were asked for basic customer service assistance when we visited beneficiaries. For example, one beneficiary in our sample whose husband had recently died did not know how to handle Social Security affairs. She did not receive all

³ We were unable to verify the identity of the beneficiary despite our efforts to contact her by mail and visit her in person at the address on SSA's records. We referred this case to SSA's Federal Benefits Unit for further development. Because the individual did not respond to SSA's contact attempts, the Agency withheld the November benefit payment. As of November 28, 2006, the Agency did not receive a response from the beneficiary—an indication she may be deceased. This beneficiary was receiving \$798 per month in Social Security benefits.

⁴ The wife of this beneficiary was not part of our sample. Both beneficiaries were paid by direct deposit. As of November 28, 2006, SSA successfully recovered \$2,070 of the \$5,689 that was paid after death (or about 36 percent), and continued to pursue recovery of the remaining overpayment.

of the benefits due her because her bank account was closed. We conveyed this information to the staff at the FBU, who worked directly with the beneficiary to resume her benefit payments.

During another visit, a beneficiary informed us that—in addition to her own retirement benefit payment—she had also received a separate spouse's benefit under her ex-husband's record for several years until it stopped unexpectedly. Since SSA generally combines benefits into one monthly payment when a beneficiary is entitled to more than one benefit at the same time, we provided this information to the staff at the FBU for review.⁵ After reviewing the beneficiary's record, the FBU in London determined the individual was not entitled to the spouse's benefit she previously received and, therefore, was overpaid \$16,335. The beneficiary was notified of the overpayment in October 2006 and collection efforts were initiated.

CONCLUSION

Within our sample, we confirmed the identity of most of the Title II beneficiaries residing in England. We also found that, generally, the deaths of beneficiaries in England were reported to SSA and the Agency terminated benefit payments timely. Additionally, we found that Title II beneficiaries in England were satisfied with the service they received through the FBU.

Based on our review, we identified \$22,024 in overpayments that SSA did not detect prior to our audit. This includes one beneficiary who was paid \$16,335 that she was not entitled to receive, and two other beneficiaries whose deaths had not been reported to SSA and, as a result, \$5,689 was paid after their deaths. By taking action to stop the ongoing benefit payments to these two deceased beneficiaries, we estimate the Agency saved about \$8,052 that would otherwise have been issued over the next 12 months.

AGENCY COMMENTS

SSA was pleased with the results of our review (see Appendix C).



Patrick P. O'Carroll, Jr.

⁵ SSA, POMS, GN 02401.025. Generally, benefits are combined into one monthly payment unless they are derived from different trust funds. The OIG issued a report on this issue in August 2006—*Benefits Paid to Dually Entitled Title II Beneficiaries* (A-01-06-26004).

Appendices

APPENDIX A – Acronyms

APPENDIX B – Scope, Methodology and Sample Results

APPENDIX C – Agency Comments

APPENDIX D – OIG Contacts and Staff Acknowledgments

Appendix A

Acronyms

FBU	Federal Benefits Unit
POMS	Program Operations Manual System
SSA	Social Security Administration
U.S.	United States

Scope, Methodology and Sample Results

To accomplish our objective, we:

- Reviewed the Social Security Administration's (SSA) policies for Title II benefit payments to individuals residing outside the United States (U.S.).
- Obtained a file from SSA of all beneficiaries living in England and receiving Title II benefits as of May 2006.
- Identified 12,213 beneficiaries who were 70 years of age or older and receiving \$100 or more in benefits.
- Randomly selected 200 beneficiaries from the population of 12,213—together with the 7 beneficiaries 100 years of age or older—for review to confirm whether the beneficiaries were alive.

The table below shows details of our population.

Characteristics	Total	Percent
Total Social Security Beneficiaries in England	24,389	100.0%
Total Over Age 61 (i.e., Retirement)	23,077	94.6%
Total Under Age 62 (i.e., Disabled/Survivor)	1,312	5.4%
Total Aged 62 to 69	7,482	30.7%
Total Aged 70 and Over	15,595	63.9%

For the 207 Title II beneficiaries we selected for review, we:

- Sent letters to the address of record for each of the beneficiaries notifying them of our intention to meet with them in person, explaining the purpose of our visit, and requesting address and telephone number corrections. We also provided the telephone number of the Federal Benefits Unit (FBU) in the U.S. Embassy in London and the name of the Regional Federal Benefits Officer.
- Received reports, either directly or through the FBU, of the deaths of 6 of the 207 beneficiaries. The reports were timely and SSA terminated benefits timely.

- Received reports, either directly or through the FBU, of telephone numbers and minor address corrections for beneficiaries. Some beneficiaries also notified us of dates when they would be available to meet with us.
- Met in person with, or the FBU was visited in person by, 183 of the 207 beneficiaries.
- Confirmed via telephone, or the FBU confirmed via telephone, the identities of 16 beneficiaries.
- Determined the death of one beneficiary (and the death of his spouse) had not been reported to SSA, and referred the case to SSA for benefit termination and potential overpayment recovery action.
- Referred one case to SSA for development, as we were unable to make contact with the beneficiary.

We performed our review between May and November 2006 in Boston, Massachusetts and in England. We found the data used for this audit were sufficiently reliable to meet our audit objectives. The principal entity audited was SSA's Office of International Operations under the Deputy Commissioner for Operations. We conducted our audit in accordance with generally accepted government auditing standards.

Appendix C

Agency Comments



SOCIAL SECURITY

MEMORANDUM

Date: November 28, 2006 **Refer To:** S1J-3

To: Patrick P. O'Carroll, Jr.
Inspector General

From: Larry W. Dye /s/
Chief of Staff

Subject: Office of the Inspector General (OIG) Draft Report, "Title II Beneficiaries in England" (A-01-06-26131)--INFORMATION

We appreciate OIG's efforts in conducting this review. We are pleased that the findings from the review indicate that the Social Security Administration is paying benefits and administering the Title II, Old Age Survivors and Disability Insurance program to beneficiaries residing in England in an accurate and efficient manner.

If we can be of further assistance please feel free to contact Ms. Candace Skurnik, Director, Audit Management and Liaison Staff, at extension 54636.

Appendix D

OIG Contacts and Staff Acknowledgments

OIG Contacts

Judith Oliveira, Director, Boston Audit Division, (617) 565-1765

David Mazzola, Audit Manager, (617) 565-1807

Jeffrey Brown, Audit Manager, (617) 565-1814

Acknowledgments

In addition to those named above:

Phillip Hanvy, Senior Program Analyst

Frank Salamone, Auditor

Melinda Tabicas, Auditor

David York, Program Analyst

For additional copies of this report, please visit our web site at
www.socialsecurity.gov/oig or contact the Office of the Inspector General's Public Affairs Specialist at (410) 965-3218. Refer to Common Identification Number A-01-06-26131

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Social Security Advisory Board

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The Office of the Inspector General (OIG) is comprised of our Office of Investigations (OI), Office of Audit (OA), Office of the Chief Counsel to the Inspector General (OCCIG), and Office of Resource Management (ORM). To ensure compliance with policies and procedures, internal controls, and professional standards, we also have a comprehensive Professional Responsibility and Quality Assurance program.

Office of Audit

OA conducts and/or supervises financial and performance audits of the Social Security Administration's (SSA) programs and operations and makes recommendations to ensure program objectives are achieved effectively and efficiently. Financial audits assess whether SSA's financial statements fairly present SSA's financial position, results of operations, and cash flow. Performance audits review the economy, efficiency, and effectiveness of SSA's programs and operations. OA also conducts short-term management and program evaluations and projects on issues of concern to SSA, Congress, and the general public.

Office of Investigations

OI conducts and coordinates investigative activity related to fraud, waste, abuse, and mismanagement in SSA programs and operations. This includes wrongdoing by applicants, beneficiaries, contractors, third parties, or SSA employees performing their official duties. This office serves as OIG liaison to the Department of Justice on all matters relating to the investigations of SSA programs and personnel. OI also conducts joint investigations with other Federal, State, and local law enforcement agencies.

Office of the Chief Counsel to the Inspector General

OCCIG provides independent legal advice and counsel to the IG on various matters, including statutes, regulations, legislation, and policy directives. OCCIG also advises the IG on investigative procedures and techniques, as well as on legal implications and conclusions to be drawn from audit and investigative material. Finally, OCCIG administers the Civil Monetary Penalty program.

Office of Resource Management

ORM supports OIG by providing information resource management and systems security. ORM also coordinates OIG's budget, procurement, telecommunications, facilities, and human resources. In addition, ORM is the focal point for OIG's strategic planning function and the development and implementation of performance measures required by the Government Performance and Results Act of 1993.