



Highlights of [GAO-05-250](#), a report to congressional requesters

SOCIAL SECURITY ADMINISTRATION

A More Formal Approach Could Enhance SSA's Ability to Develop and Manage Totalization Agreements

Why GAO Did This Study

Since 1977, the U.S. has entered into bilateral social security totalization agreements with 20 foreign countries. In fiscal year 2004, the Social Security Administration (SSA) paid approximately \$206 million to 102,000 beneficiaries in these countries based on their eligible periods of coverage. If put into force, pending agreements with Mexico and Japan will increase the number of beneficiaries receiving totalized benefits, as well as the amount of benefits paid. Given the costs to the Social Security Trust Funds posed by existing and pending agreements, GAO was asked to (1) document SSA's policies and procedures for assessing the accuracy of foreign countries' data when entering into a totalization agreement, and (2) examine SSA's processes for verifying beneficiaries' initial and continuing eligibility for benefits once an agreement is in force.

What GAO Recommends

GAO recommends that SSA (1) develop a standardized set of protocols that integrate and formalize the various initiatives for verifying foreign countries' data when negotiating future agreements and (2) explore ways to improve current processes for verifying beneficiaries' initial and continuing eligibility for benefits.

SSA agreed with our recommendations and we have incorporated their technical comments where appropriate.

www.gao.gov/cgi-bin/gettrpt?GAO-05-250.

To view the full product, including the scope and methodology, click on the link above. For more information, contact Barbara Bovbjerg at (202) 512-7215 or bovbjergb@gao.gov.

What GAO Found

SSA's policies and procedures for assessing the accuracy and reliability of important information from foreign countries—such as birth and death data—when entering into totalization agreements remain generally informal, but recent initiatives for improvement seem promising. Historically, SSA has conducted only limited reviews, focusing primarily on broad policy issues and systems compatibility, rather than the integrity and reliability of earnings data and evidentiary documents. For example, during preliminary negotiations with Mexico, SSA conducted a limited review of that country's social security system but did not assess the reliability of that country's data. SSA has also developed several initiatives to identify risks associated with totalization agreements. These include: developing a standardized questionnaire for assessing the reliability of foreign earnings data, soliciting input from other government agencies, and using a matrix to compare potential agreement countries. SSA is also conducting "vulnerability assessments" to detect potential problems with foreign countries' documents. All of these tools are positive steps to help SSA assess potential risks posed by unreliable foreign data. However, SSA has not integrated these initiatives into formal procedures. Given the upcoming retirement of key management officials, SSA may lose critical institutional knowledge, which may limit the agency's ability to assess risks associated with future agreements.

Our review identified potential vulnerabilities in SSA's policies and procedures for verifying individuals' eligibility for benefits once an agreement is in force. When establishing an individual's initial eligibility for benefits, the agency generally accepts critical documentation from foreign countries, without independently verifying the accuracy of such information. We also found that SSA's two primary tools for determining an individual's continuing eligibility—validation surveys and personal questionnaires—may be insufficient to ensure that only truly eligible individuals receive benefits. For example, SSA mails questionnaires to all beneficiaries living abroad (including totalized beneficiaries) at least once every 2 years requesting information on their eligibility status, but does not independently verify the responses on these questionnaires. These questionnaires rely on beneficiaries to accurately self-report important information that may affect their eligibility for benefits, with no additional verification. SSA does not currently have the ability to independently verify the responses on these questionnaires using computer matches or other forms of third-party verification, as it does with domestic beneficiaries. The agency's inability to conduct matches with foreign countries is partly because it does not capture beneficiaries' foreign social insurance numbers on its systems.