
**OFFICE OF
THE INSPECTOR GENERAL**

SOCIAL SECURITY ADMINISTRATION

**DECEASED BENEFICIARIES WHO HAD DIFFERENT
DATES OF DEATH ON THE SOCIAL SECURITY
ADMINISTRATION'S NUMIDENT AND PAYMENT RECORDS**

December 2012

A-09-12-11220

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.

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MEMORANDUM

Date: December 10, 2012

Refer To:

To: The Commissioner

From: Inspector General

Subject: Deceased Beneficiaries Who Had Different Dates of Death on the Social Security Administration's Numident and Payment Records (A-09-12-11220)

OBJECTIVE

Our objective was to determine whether the Social Security Administration (SSA) had adequate controls to resolve different dates of death recorded on the Numident and Master Beneficiary (MBR) or Supplemental Security Records (SSR).

BACKGROUND

Title II of the *Social Security Act* (Act) provides monthly benefits to retired and disabled workers, including their dependents and survivors.¹ Under Title II, benefits are not payable for the month of a beneficiary's death or later. Title XVI of the Act provides payments to financially needy individuals who are aged, blind, or disabled.² Under Title XVI, payments are not payable the month after death or later. Upon receipt of a death report, SSA terminates the decedent's benefits and initiates recovery for any payments issued after death.³

To identify and prevent erroneous payments to deceased beneficiaries,⁴ SSA's Death Alert, Control and Update System (DACUS) matches reports of death from Federal, State, and local agencies against the MBR/SSR.⁵ DACUS also processes death

¹ *The Social Security Act §202 et seq.*, 42 U.S.C. § 402 *et seq.*

² *The Social Security Act § 1611*, 42 U.S.C. § 1382.

³ SSA, POMS, GN 02230.018 (July 22, 2010) and SSA, POMS, GN 02408.005.C (November 3, 2008).

⁴ We use the term "beneficiary" generically in this report to refer to both Title II beneficiaries and Title XVI recipients.

⁵ SSA, POMS, GN 02602.060 (May 13, 2011). The MBR is an electronic record of all Title II beneficiaries. The SSR is an electronic record of all Title XVI beneficiaries.

reports from internal sources (for example, the MBR).⁶ SSA records the death information processed by DACUS on the Numident, an electronic file that contains such information as the name, date of birth, place of birth, parents' names, and date of death (if applicable) for each individual issued a Social Security number (SSN). Finally, SSA uses death information from the Numident to create a record of death information called the Death Master File (DMF).⁷

For our audit, we identified 10,764 deceased Title II and XVI beneficiaries who had a date of death on the Numident that differed by at least 1 month from the date of death on the MBR/SSR. From this population, we selected a random sample of 200 beneficiaries for review.

RESULTS OF REVIEW

SSA needs to improve its controls to ensure it resolves date of death discrepancies between the Numident and the MBR/SSR. Based on our random sample of 200 deceased beneficiaries, we estimate that

- 9,795 had unresolved date of death discrepancies between the Numident and MBR/SSR,
- 1,469 had undetected improper payments of about \$6.7 million, and
- 8,326 had an incorrect date of death on the DMF.

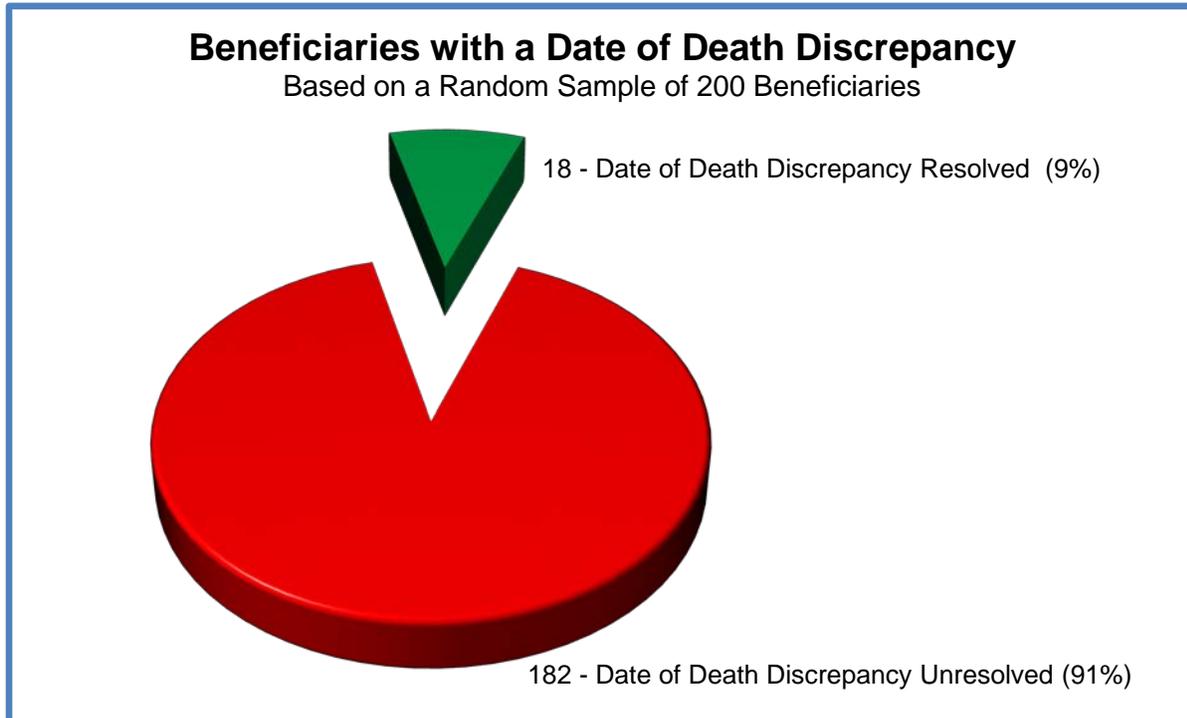
We are 90-percent confident the number of deceased beneficiaries with unresolved date of death discrepancies between the Numident and MBR/SSR ranged from 9,363 to 10,126 (see Appendix C).

Generally, these errors occurred because DACUS did not generate an alert when beneficiaries had a different date of death on the Numident and MBR/SSR.

⁶ SSA, POMS, GN 02602.060 (May 13, 2011).

⁷ SSA, POMS, GN 02602.060.B.1 (May 13, 2011).

Our sample results are summarized below.



SSA's Procedures for Identifying Payments to Deceased Beneficiaries

SSA receives approximately 2.5 million death reports each year. Family members and funeral homes account for 90 percent of the reports received. The remainder comes from States and other Federal agencies through data exchanges and reports from postal authorities and financial institutions.

When SSA receives a death report for a beneficiary, it initiates action to terminate benefits and recover any payments issued after death. If SSA receives a death report from a first party (for example, family member or funeral director) or State through the Electronic Death Registration (EDR) process, it terminates benefits without verification. SSA verifies death reports received from all other sources.⁸ When SSA terminates benefits, DACUS processes the death termination action. Finally, if the SSN, name, date of birth, and gender on the death termination action match the Numident, SSA records the death on the Numident.

⁸ SSA, POMS, GN 02602.050.A (January 23, 2012).

The Act also requires that SSA match State death records against the MBR/SSR. This match allows SSA to identify and prevent erroneous payments after death. DACUS receives two types of death records from States: EDR reports where the State verifies the deceased individual's SSN before submitting it to SSA and non-EDR reports where the State does not verify the SSN on the death record before submitting it to SSA. SSA policy does not require additional verification of EDR reports before it terminates benefits but does require that non-EDR reports be verified before it terminates benefits.⁹

DACUS generates an alert to an SSA field office when it receives a death report from any source (other than EDR report) when the MBR/SSR indicates the beneficiary is in current pay status.¹⁰ DACUS does not generate alerts if there is a date of death discrepancy between the Numident and MBR/SSR. However, SSA is planning a monthly match to identify date of death discrepancies for resolution.

Date of Death Discrepancies Were Not Resolved

SSA did not resolve date of death discrepancies for 182 (91 percent) of the 200 deceased beneficiaries in our sample. The date of death discrepancies were an average 19 months¹¹ and ranged from 1 to 438 months. The following table summarizes the number of months of discrepancy for our sample cases.

Number of Months	Number of Beneficiaries
1 month	102
2 months	25
3 months	9
Between 4 and 6 months	10
Between 7 and 11 months	2
12 or more months	34
Total	182

⁹ *The Social Security Act* §205(r); 42 U.S.C. § 405(r); and SSA, POMS, GN 02602.050 (January 23, 2012).

¹⁰ DACUS also generates an alert when an incoming death report has an earlier date of death than the date recorded on SSA's payment records. SSA, POMS, GN 02602.060 B.2 (May 13, 2011).

¹¹ The mean was 19 months. The median was 1 month.

Impact of Unresolved Date of Death Discrepancies

The 182 deceased beneficiaries with unresolved date of death discrepancies resulted in an erroneous date of death on either the Numident or MBR/SSR.¹² To determine the accuracy of death information in SSA's records, we obtained death certificates for 39 beneficiaries from the State Bureaus of Vital Records in California, Florida, Illinois, and South Carolina.¹³ Our review confirmed that the date of death on the Numident was correct for 6 (15 percent) death certificates. The remaining 33 (85 percent) death certificates confirmed that the date of death on the MBR/SSR was correct. For 8 of the 33 beneficiaries, an EDR report was the source of the Numident date of death. The following table summarizes the results of our review.

State	Number of Death Certificates	Numident Correct		MBR/SSR Correct	
		Number	Percent	Number	Percent
California	12	2	17	10	83
Florida	7	2	29	5	71
Illinois	12	0	0	12	100
South Carolina	8	2	25	6	75
Total	39	6	15	33	85

Numident Date of Death Was Incorrect - Various Federal entities rely on the DMF to verify the accuracy of reported deaths. This includes four benefit-paying agencies—the Railroad Retirement Board, Department of Defense, Office of Personnel Management, and Department of Veterans Affairs. SSA also provides the DMF to the Centers for Medicare and Medicaid Services, Government Accountability Office, and Internal Revenue Service. Private industry customers, including banks, hospitals, universities, and insurance companies, use the DMF to verify identity and prevent fraud. Finally, in June 2010, the President directed Federal agencies to ensure they thoroughly review databases with relevant information on eligibility before they release any Federal funds. At a minimum, agencies shall, before awarding and paying benefits, check the existing databases to verify eligibility, including SSA's DMF.¹⁴

Any beneficiary death that is incorrectly recorded on the Numident is also incorrectly recorded on the DMF. As a result, Federal and private entities who rely solely on the DMF to determine the accuracy of reported deaths would not know the correct date of death for these deceased individuals. Based on our review of death certificates for

¹² If the Numident date of death was correct, 149 of the 182 deceased beneficiaries had improper payments.

¹³ We selected these four States because they had the largest number of beneficiaries in our sample (20 percent).

¹⁴ Presidential Memorandum-*Enhancing Payment Accuracy Through a "Do Not Pay List,"* (June 18, 2010).

39 deceased beneficiaries in our sample, we confirmed that 33 (85 percent)¹⁵ of the 39 beneficiaries' deaths were incorrectly recorded on the Numident. Therefore, the death information for these 33 beneficiaries was also incorrect on the DMF. The incorrect death information on the DMF could result in erroneous payments made by Federal benefit paying agencies that rely on the DMF to detect inaccurately reported deaths. The incorrect death information will hinder private industry as well as State and local governments' ability to identify and prevent identity fraud.

For example, the SSR had a beneficiary's date of death as January 27, 2008. However, the Numident had a date of death of May 13, 2008 for the beneficiary. We obtained the death certificate and found that it agreed with the date of death on the SSR. As a result, the death information for the deceased beneficiary was incorrect on the Numident and DMF.

MBR/SSR Date of Death Was Incorrect – Generally, when SSA receives a death report, it terminates payments and initiates recovery of any benefits issued after the beneficiary's death.¹⁶ An incorrect date of death on the MBR/SSR could result in undetected improper payments to deceased beneficiaries or their survivors. Our review of the 39 death certificates found that the MBR/SSR date of death was incorrect for 6 beneficiaries,¹⁷ which resulted in SSA improperly paying the beneficiaries \$20,659.

For example, the Numident had a beneficiary's date of death as March 2008. However, the date of death on the MBR was May 2008. We obtained the beneficiary's death certificate from the State of California Department of Public Health Vital Records and found that the death certificate confirmed the date of death on the Numident was correct. As a result, the deceased beneficiary was improperly paid \$2,993.

CONCLUSION AND RECOMMENDATIONS

SSA needs to improve controls to ensure it resolves date of death discrepancies between the Numident and MBR/SSR. Based on our random sample of 200 deceased beneficiaries, we found that 182 (91 percent) had unresolved date of death discrepancies between the Numident and MBR/SSR. We also estimate that 1,469 beneficiaries had undetected improper payments of about \$6.7 million. Finally, we estimate that about 8,326 beneficiaries had an incorrect date of death on the DMF (see Appendix C).

¹⁵ For 21 beneficiaries, the incorrect date of death on the Numident was after the date of death on the MBR/SSR. For the remaining 12 beneficiaries, the incorrect date of death on the Numident was before the date of death on the MBR/SSR.

¹⁶ SSA, POMS, GN 02408.005.C (November 3, 2008) and SI 02220.053 (August 12, 2009).

¹⁷ For four beneficiaries, the incorrect date of death on the MBR/SSR was after the date of death on the Numident and resulted in beneficiaries receiving payments after death totaling \$6,060. For the remaining two beneficiaries, the incorrect date of death on the MBR/SSR was before the date of death on the Numident and resulted in the beneficiaries being underpaid \$14,599.

We recommend that SSA:

1. Analyze its death processing systems to ensure the date of death is consistent between the Numident and MBR/SSR.
2. Determine whether it can efficiently resolve the population of deceased beneficiaries identified by our audit.
3. Develop a cost-effective method for identifying and resolving beneficiary records that have a different date of death on the Numident and MBR/SSR. This could involve periodic matches between the Numident and the MBR/SSR to detect and correct discrepant dates of death.

AGENCY COMMENTS

SSA agreed with all our recommendations. The Agency's comments are included in Appendix D.

A handwritten signature in black ink, appearing to read "Patrick P. O'Carroll, Jr.", with a stylized flourish at the end.

Patrick P. O'Carroll, Jr.

Appendices

APPENDIX A – Acronyms

APPENDIX B – Scope and Methodology

APPENDIX C – Sampling Methodology and Results

APPENDIX D – Agency Comments

APPENDIX E – OIG Contacts and Staff Acknowledgments

Acronyms

Act	<i>Social Security Act</i>
DACUS	Death Alert, Control and Update System
DMF	Death Master File
EDR	Electronic Death Registration
MBR	Master Beneficiary Record
OIG	Office of the Inspector General
POMS	Program Operations Manual System
SSA	Social Security Administration
SSN	Social Security Number
SSR	Supplemental Security Record
U.S.C.	United States Code

Scope and Methodology

From the Social Security Administration's (SSA) Master Beneficiary (MBR) and Supplemental Security Records (SSR), we obtained data extracts of deceased beneficiaries who had a date of death on the Numident that differed from the date of death on the MBR/SSR. From these extracts, we identified a population of 10,764 deceased beneficiaries who had a date of death on the Numident that differed from the MBR/SSR date of death by at least 1 month during the period January 1, 2006 through May 18, 2011.

To accomplish our objective, we

- reviewed the applicable sections of the *Social Security Act* and SSA's Program Operations Manual System;
- interviewed SSA employees from the Offices of Earnings, Enumeration, and Administrative Systems and Retirement and Survivors Insurance Systems;
- reviewed queries from SSA's MBR, SSR, Numident, and Death Alert Tracking System, for each sample item; and
- obtained death certificates for 39 beneficiaries.

We determined the computer-processed data from the Numident, MBR, and SSR were sufficiently reliable for our intended use. We conducted tests to determine the completeness and accuracy of the data. These tests allowed us to assess the reliability of the data and achieve our audit objectives.

We performed audit work in Richmond, California, between January and July 2012. The entity audited was the Office of the Deputy Commissioner for Systems.

We conducted our 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.

Sampling Methodology and Results

We obtained a data extract from the Social Security Administration’s (SSA) Master Beneficiary (MBR) and Supplemental Security Records (SSR) of 10,764 deceased beneficiaries who had a date of death from January 1, 2006 through May 18, 2011 that differed from the Numident date of death by at least 1 month. From this population, we selected a random sample of 200 beneficiaries for review.

We found that SSA did not resolve date of death discrepancies between the Numident and the MBR/SSR for 182 of the 200 deceased beneficiaries. If the Numident dates of death were correct, the improper payments made to these deceased beneficiaries totaled \$830,894. The following tables provide the details of our sample results and statistical projections.

Table C-1 – Population and Sample Size

Description	Number of Beneficiaries
Population Size	10,764
Sample Size	200

Table C-2 – Beneficiaries with Unresolved Date of Death Discrepancies

Description	Number of Beneficiaries	Improper Payments (if Numident Date of Death is Correct)
Sample Results	182 ¹	\$830,894
Point Estimate	9,795	\$44,718,738
Projection - Lower Limit	9,363	\$20,810,980
Projection - Upper Limit	10,126	\$68,626,496

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

¹ If the Numident date of death was correct, 149 of the 182 deceased beneficiaries had improper payments.

Review of Death Certificates - To determine the accuracy of death information on the Numident and MBR/SSR, we obtained 39 death certificates from our sample of 200 deceased beneficiaries. We found that 6 (15 percent) of the 39 death certificates agreed with the date of death on the Numident, and 33 (85 percent) agreed with the date of death on the MBR/SSR. Assuming these percentages are representative of the population of unresolved date of death discrepancies, we estimate that SSA improperly paid 1,469 beneficiaries about \$6.7 million and 8,326 deceased beneficiaries had an incorrect date of death on the DMF. The following tables provide the details of our estimate.

Table C-3 – Review of State Death Certificates – Sample Results

State	Number of Death Certificates	Numident Correct		MBR/SSR Correct	
		Number	Percent	Number	Percent
California	12	2	17	10	83
Florida	7	2	29	5	71
Illinois	12	0	0	12	100
South Carolina	8	2	25	6	75
Total	39	6	15	33	85

Table C-4 – Beneficiaries with an Incorrect Date of Death on the MBR/SSR

Description	Number of Beneficiaries (From Table C-2)	Percent Incorrect (From Table C-3)	Estimated Beneficiaries (Number of Beneficiaries x Percent Incorrect)
Point Estimate	9,795	15	1,469

Table C-5 – Improper Payments Made to Deceased Beneficiaries

Description	Improper Payments (From Table C-2)	Percent Incorrect (From Table C-3)	Estimated Improper Payments (Improper Payments x Percent Incorrect)
Point Estimate	\$44,718,738	15	\$6,707,811

Table C-6 – Beneficiaries with an Incorrect Date of Death on the DMF

Description	Number of Beneficiaries (From Table C-2)	Percent Incorrect (From Table C-3)	Estimated Beneficiaries (Number of Beneficiaries x Percent Incorrect)
Point Estimate	9,795	85	8,326

Agency Comments



SOCIAL SECURITY

MEMORANDUM

Date: November 19, 2012

Refer To: SIJ-3

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

From: Dean S. Landis /s/
Deputy Chief of Staff

Subject: Office of the Inspector General Draft Report, "Deceased Beneficiaries Who Had Different Dates of Death on the Social Security Administration's Numident and Payment Records" (A-09-12-11220) —INFORMATION

Thank you for the opportunity to review the draft report. Please see our attached comments.

Please let me know if we can be of further assistance. You may direct staff inquiries to Amy Thompson at (410) 966-0569.

Attachment

**COMMENTS ON THE OFFICE OF THE INSPECTOR GENERAL DRAFT REPORT,
“DECEASED BENEFICIARIES WHO HAD DIFFERENT DATES OF DEATH ON THE
SOCIAL SECURITY ADMINISTRATION’S NUMIDENT AND PAYMENT RECORDS”
(A-09-12-11220)**

General Comments

Maintaining accurate death information is an agency priority. In the following paragraphs, we summarize some of our more recent efforts to improve the consistency of death information in our records.

We continue to work with States to build a streamlined death registration process, known as Electronic Death Registration (EDR). EDR replaces the more cumbersome and labor-intensive process through which we currently receive death information from some States. EDR has expanded on a State-by-State basis since 2002, and currently 32 States, the City of New York, and the District of Columbia participate in this initiative. If all States participated in EDR, death reporting would be virtually error-free. However, the nationwide implementation of EDR is contingent on congressional funding of State grants issued by the Department of Health and Human Services.

In 2012, we launched two important claims processing initiatives (the Claims Enumeration Mini-Path and Autoclear project and the Internet Claim/CLIENT Release 5) to ensure greater consistency between the name and Social Security number (SSN) information on the Master Beneficiary Record (MBR), the Supplemental Security Record (SSR), and the Numident. These initiatives will significantly improve the integrity of, and consistency between, the death data on the MBR, SSR, and the Numident for current beneficiaries.

In fiscal year (FY) 2013, we will revise our Death Alert Control and Update System (DACUS), adding enhancements that will ensure we correctly post death information on our master records and efficiently correct discrepancies in death data between our master records.

Recommendation 1

Analyze its death processing systems to ensure the date of death is consistent between the Numident and MBR/SSR.

Response

We agree. This effort is now underway.

Recommendation 2

Determine whether it can efficiently resolve the population of deceased beneficiaries identified by our audit.

Response

We agree. We will take action on the beneficiaries identified by this audit who may have undetected improper payments resulting from a date of death discrepancy. Currently, resources are not available for us to take action on non-payment related discrepancies. However, we expect to use the results of our efforts described in Recommendation 1 to determine if we can efficiently address the remaining cases from the audit population.

Recommendation 3

Develop a cost-effective method for identifying and resolving beneficiary records that have a different date of death on the Numident and MBR/SSR. This could involve periodic matches between the Numident and the MBR/SSR to detect and correct discrepant dates of death.

Response

We agree.

Agency Contacts and Staff Acknowledgments

OIG Contacts

James J. Klein, Director, San Francisco Audit Division

Joseph Robleto, Audit Manager

Acknowledgments

In addition to those named above:

Regina Finley, Senior Auditor

For additional copies of this report, please visit our Website at <http://oig.ssa.gov/> or contact the Office of the Inspector General's Public Affairs Staff at (410) 965-4518. Refer to Common Identification Number A-09-12-11220.

Overview of the Office of the Inspector General

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OA conducts 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 reviews and program evaluations on issues of concern to SSA, Congress, and the general public.

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OI conducts investigations 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 liaison to the Department of Justice on all matters relating to the investigation of SSA programs and personnel. OI also conducts joint investigations with other Federal, State, and local law enforcement agencies.

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OCIG provides independent legal advice and counsel to the IG on various matters, including statutes, regulations, legislation, and policy directives. OCIG 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. Also, OCIG administers the Civil Monetary Penalty program.

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