
**OFFICE OF
THE INSPECTOR GENERAL**

SOCIAL SECURITY ADMINISTRATION

**FOLLOW-UP: SURVIVOR BENEFITS
PAID IN INSTANCES WHEN THE SOCIAL
SECURITY ADMINISTRATION REMOVED
THE DEATH ENTRY FROM A PRIMARY
WAGE EARNER'S RECORD**

September 2011 A-06-10-20135

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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- 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.

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- 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.

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SOCIAL SECURITY

MEMORANDUM

Date: September 1, 2011

Refer To:

To: The Commissioner

From: Inspector General

Subject: Follow-up: Survivor Benefits Paid in Instances When the Social Security Administration Removed the Death Entry from a Primary Wage Earner's Record (A-06-10-20135)

OBJECTIVE

Our objective was to determine the status of corrective actions the Social Security Administration (SSA) had taken to address recommendations in our September 2006 report, *Survivor Benefits Paid in Instances When the Social Security Administration Removed the Death Entry from a Primary Wage Earner's Record (A-06-06-26020)*.

BACKGROUND

SSA maintains death information for all individuals with Social Security numbers in a repository known as the Death Master File. SSA accepts and posts a report of death on an individual's record. The person who reports the death must provide SSA with the name, date of birth, and Social Security number of the deceased individual before SSA can add the death to the Death Master File.¹ Proof of death is required when a family member files a survivor benefit claim on a deceased person's record.² Once SSA posts a report of death to its records, the wage earner's surviving spouse and children can potentially become eligible for survivor benefits. If SSA discovers it posted a death report in error, staff should delete the erroneous death entry from the Death Master File. Removal of an erroneous death entry can indicate that SSA paid survivor benefits in error.

Our September 2006 report identified 307 wage earners whose family members had received survivor benefits even though SSA had "resurrected" the wage earners' records. In these cases, SSA had removed the wage earners' death entries from the Death Master File, and SSA's Numerical Identification (Numident) file indicated the wage earners were alive. SSA employees who deleted these death entries did not follow SSA policy and document pertinent facts to support or explain these transactions.

¹ SSA POMS, GN 02602.050A.5 (05/13/11).

² SSA, POMS, GN 00304.001A (03/25/08).

The resurrection transactions indicated these wage earners were alive and therefore survivor benefits paid on these records were improper. SSA agreed to perform death verifications for each of the 307 records and reemphasize to field office employees the importance of complying with established transaction documentation policies.

SSA records indicated that from May 2007 through April 2010, SSA removed 36,657 wage earners' death entries from the Death Master File. As of April 2010, 1,421³ of the 36,657 wage earners had survivor beneficiaries on their records. Our follow-up review focused on how SSA handled the 307 cases referred during the prior review as well as the 1,421 cases identified since May 2007. See Appendix A for additional information about our scope and methodology.

RESULTS OF REVIEW

SSA has made progress in completing corrective actions to address the recommendations in our September 2006 report. SSA determined that 286 of the 307 wage earners identified during the prior review were actually deceased and reestablished dates of death on 280 of the wage earners' Numident records.⁴ SSA confirmed that 14 wage earners were alive and took action to terminate survivor benefit payments. SSA erroneously issued approximately \$579,000 in survivor benefits to family members of these wage earners. SSA could provide no documentation to indicate completion of death verifications for the remaining seven individuals.

As part of our follow-up review, we identified an additional 642 wage earners whose family members received survivor benefits even though SSA had deleted the wage earners' death entries from the Death Master File,⁵ and SSA's Numident file indicated the wage earners were alive. At the time of our review, SSA paid approximately \$644,000 in monthly survivor benefits to family members of the 642 wage earners. Our review of sampled records indicated that, similar to our 2006 findings, SSA employees who deleted these death entries did not document pertinent facts to support or explain these transactions. The resurrection transactions indicated the wage earners were alive, and survivor benefits were improper. If the wage earners were actually deceased, SSA erroneously deleted their information from the Death Master File.

SSA TOOK ACTION TO CORRECT MOST RECORDS FROM THE LAST REVIEW

Our September 2006 report recommended that SSA perform death verifications for each of the 307 records with survivor benefits identified in the report and take appropriate action (for example, terminate benefits and establish overpayments,

³ At the time of this audit, SSA's records for 642 of the 1,421 wage earners continued to indicate the individuals were alive. In the other 779 cases, SSA records indicated the wage earners were deceased because, after the resurrection transaction, SSA processed additional death entries to record dates of death on the wage earners' records.

⁴ For undetermined reasons, SSA had not yet reestablished dates of death on six records.

⁵ SSA deleted these death entries from May 2007 through April 2010.

reinstate death entries, and/or refer potentially fraudulent cases to the Office of the Inspector General). Since that time, SSA had confirmed deaths and reestablished the dates of death on the Numident for 280 of the 307 individuals. However, SSA needed to take additional action.

- SSA determined the primary wage earners were alive and terminated survivor benefits in 14 cases.
 - In two cases, SSA improperly paid \$40,068 in survivor benefits to widows and children of deceased wage earners who did not have sufficient work history to qualify their family members for benefits. SSA improperly awarded survivor benefits to these family members under the earnings records of the deceased wage earner's brother in one case, and father in the other case. Neither the brother nor the father was actually deceased. After SSA approved the claims, staff removed the erroneous death entries from the brother and father's records. However, the payment errors continued until these cases were re-examined as part of our prior audit.⁶
 - In one case, SSA determined it improperly paid \$3,630 in survivor benefits to the child of a deceased wage earner. SSA improperly awarded the survivor benefit claim under the earnings record of an apparently unrelated, living wage earner. In this case, the deceased wage earner had sufficient work history to qualify his child for survivor benefits. However, SSA erroneously based benefit amounts on the higher earnings of the unrelated wage earner. After SSA approved the claim, staff removed the erroneous death entry from the unrelated wage earner's record. However, the payment error continued until the case was re-examined as part of our prior audit. SSA has partially recovered the overpayment.
 - In five cases, SSA identified approximately \$173,000 in overpayments but had not initiated collection.
 - In three cases, SSA established, but subsequently waived collection of, approximately \$243,000 in survivor benefits erroneously paid to the wage earners' family members.
 - In two cases, SSA paid \$113,309 in erroneous survivor benefits. SSA recovered \$7,056, established a \$26,092 liability against a representative payee, and waived collection of the \$80,161 balance.
 - In one case, SSA established a \$5,160 overpayment and initiated collection.
- SSA verified the deaths of six individuals but did not reestablish the dates of death on the numberholders' records.
- SSA had no evidence of death verifications for the remaining seven individuals.

⁶ We forwarded both cases to applicable Regional Centers for Security and Integrity for further review.

In June 2011, we informed SSA of the 13 cases that need death verification or reestablishment of the date of death.

SURVIVOR BENEFITS PAID ON RECORDS WITH DELETED DEATH ENTRIES

SSA continued to pay survivor benefits after SSA employees removed the wage earners' death entries from its records. As part of our follow-up review, we identified an additional 642 wage earners whose family members received survivor benefits even though SSA deleted the wage earners' death entries from the Death Master File⁷ and SSA's Numident file indicated the wage earners were alive. At the time of our review, SSA was paying family members of the 642 wage earners approximately \$644,000 in monthly survivor benefits. In April 2011, we provided SSA's Office of Operations with pertinent information on these 642 records.

If the wage earners are actually deceased, SSA correctly paid survivor benefits but erroneously deleted the deceased individuals' information from the Death Master File. Agency officials recently emphasized SSA's vital role in ensuring timely receipt and prompt updating of death information as key factors in the financial industry's ability to prevent fraud and identity theft involving the SSNs of deceased individuals. Officials further stated that public and private organizations also rely on Death Master File information to combat fraud and identity theft. To be effective, SSA must ensure Death Master File users have accurate and up-to-date information.

CONTINUED NONCOMPLIANCE WITH POLICIES AND PROCEDURES

SSA employees who deleted death entries from wage earners' records were not complying with established documentation policies and procedures. SSA provides detailed instructions for the removal of death entries from wage earners' records.⁸ SSA does not require retention of hard copy documents to support resurrection transactions. Instead, SSA requires that personnel who process these transactions input narrative into the Agency's systems explaining why the transactions were necessary; document performance of required face-to-face interviews; and document the names of the employees who initiated and approved the transaction.

We randomly selected 50 of 642 cases where survivor benefits continued although SSA records indicated the wage earner was alive at the time of the audit and 50 of 779 cases where SSA paid survivor benefits to family members of wage earners for whom staff deleted then subsequently reestablished death entries. Our review of available SSA documentation indicated that employees who deleted death entries rarely complied with SSA documentation policies.

- Death entry deletion transaction documentation was not available for any of the 50 cases reviewed where SSA's records indicated the wage earner was alive.

⁷ SSA deleted these death entries from May 2007 through April 2010.

⁸ SSA, POMS, GN 02602.055 (06/27/11).

- Documentation of the death entry deletions was not available in most of the 50 cases reviewed where SSA deleted, and then subsequently reestablished, death entries.
 - SSA employees documented an explanation or justification for only six cases.
 - SSA employees documented performance of required face-to-face interviews for only two transactions. Employees must document these interviews for all resurrections unless the death entry resulted from an administrative error. Of the remaining 48 transactions, we found evidence to indicate only 2 were administrative errors.
 - SSA employees who removed the death entries documented the names of the transaction initiator and approver for only 5 of the 50 transactions. SSA requires that two employees participate in the resurrection process and record the names of the transaction initiator and approver on systems evidence screens.

Because SSA employees rarely explained or justified removal of death entries from these wage earners' records, it is unclear whether most of these wage earners were actually alive or deceased. Noncompliance with death entry deletion policies prevented independent review of documentation supporting hundreds of approved survivor claims.

CONCLUSION AND RECOMMENDATIONS

SSA had taken action to correct most of the records identified in our September 2006 review. SSA terminated survivor benefits paid on 14 records after erroneously paying approximately \$579,000 in survivor benefits to the wage earners' family members. We identified several hundred additional cases where SSA removed death entries from wage earners' records but continued to pay monthly survivor benefits to the wage earners' family members. SSA employees who removed the death entries did not explain or justify the transactions as required by SSA policy. Noncompliance with SSA policy prevented independent review of documentation supporting approximately \$644,000 in monthly survivor benefit payments.

We recommend that SSA:

1. Establish and/or initiate collection action on five cases from our prior audit where SSA confirmed the numberholders were alive or document why collection action is not warranted.
2. Reestablish dates of death on the Numident records in the six cases where SSA determined the wage earners were deceased.

3. Perform death verifications for each of the 642 records with survivor benefit payments identified in this review and the 7 pending from our prior review and take appropriate action (for example, terminate benefits and establish overpayments, refer potentially fraudulent cases to OIG, and/or reinstate death entries).
4. Reemphasize to field office employees SSA's policies for documenting death entry removal transactions.

AGENCY COMMENTS

SSA agreed with our recommendations. SSA's comments are included in Appendix B.

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 – Scope and Methodology

APPENDIX B – Agency Comments

APPENDIX C – OIG Contacts and Staff Acknowledgments

Scope and Methodology

To accomplish our objective, we:

- Reviewed the Social Security Administration's (SSA) policies and procedures related to erroneous death terminations.
- Analyzed SSA records for the 307 cases referred to SSA from the prior audit to determine whether SSA had performed death verifications and corrected the records.
- Analyzed 36,657 instances where SSA removed death entries from the Death Master File from May 2007 through April 2010. We identified 1,421 records that included survivor benefits.
- Analyzed Numerical Identification (Numident) records for each of the 1,421 wage earners. As of October 2010, 779 records contained a date of death, and 642 did not contain a date of death.
- Analyzed SSA's records for the 779 wage earners whose Numident record contained a date of death and identified the timing of the resurrection transaction relative to the date SSA posted the death entry on the Numident.
- Randomly selected 50 of the 642 resurrection transactions for individuals without a date of death and 50 of the 779 resurrection transactions for individuals with a date of death on their respective Numident. Reviewed Shared Processes evidence screens for compliance with documentation requirements for all sampled records.
- Reviewed Master Beneficiary Records, identified the status of any related survivor claims, and quantified the survivor payments for a sample of the 642 records.

We performed our audit in Dallas, Texas, between October 2010 and March 2011. We did not test the general or application controls of SSA's systems that generated electronic data used for this audit. Instead, we traced selected transactions to source documents and performed other validation tests. As a result, we found the data to be sufficiently reliable to meet our audit objective. The entity audited was the Office of the Deputy Commissioner for Operations. 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 objective. We believe the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

Agency Comments



SOCIAL SECURITY

MEMORANDUM

Date: July 27, 2011

Refer To: S1J-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, "Follow-up: Survivors' Benefits Paid in Instances When the Social Security Administration Removed the Death Entry from a Primary Wage Earner's Record" (A-06-10-20135)--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 Frances Cord at (410) 966-5787.

Attachment

COMMENTS ON THE OFFICE OF THE INSPECTOR GENERAL (OIG) DRAFT REPORT, "FOLLOW-UP: SURVIVORS' BENEFITS PAID IN INSTANCES WHEN THE SOCIAL SECURITY ADMINISTRATION REMOVED THE DEATH ENTRY FROM A PRIMARY WAGE EARNER'S RECORD" A-06-10-20135

Recommendation 1

Establish and/or initiate collection action on five cases from our prior audit where SSA confirmed the numberholders were alive or document why collection action is not warranted.

Response

We agree.

Recommendation 2

Reestablish dates of death on the Numident records in the six cases where SSA determined the wage earners were deceased.

Response

We agree.

Recommendation 3

Perform death verifications for each of the 642 records with survivor benefit payments identified in this review and the 7 pending from our prior review and take appropriate action (for example, terminate benefits and establish overpayments, refer potentially fraudulent cases to OIG, and/or reinstate death entries).

Response

We agree.

Recommendation 4

Reemphasize to field office employees SSA's policies for documenting death entry removal transactions.

Response:

We agree. We will issue an Administrative Message (AM) to field office employees. The AM will emphasize the importance of following current policies on documenting death-entry removal transactions.

OIG Contacts and Staff Acknowledgments

OIG Contacts

Ronald Gunia, Director, Dallas Audit Division

Neha Smith, Audit Manager

Acknowledgments

In addition to those named above:

Clara Soto, Senior Auditor

Chuck Zaepfel, Information Technology Specialist

For additional copies of this report, please visit our Website at www.ssa.gov/oig or contact the Office of the Inspector General's Public Affairs Staff Assistant at (410) 965-4518. Refer to Common Identification Number A-06-10-20135.

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