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.
MEMORANDUM

Date: July 9, 2012

To: The Commissioner

From: Inspector General

Subject: Title II Deceased Beneficiaries Who Do Not Have Death Information on the Numident (A-09-11-21171)

OBJECTIVE

Our objective was to determine whether the Social Security Administration (SSA) had adequate controls to ensure death information for Title II deceased beneficiaries was recorded on the Numident.

BACKGROUND

Title II of the Social Security Act (Act) provides monthly benefits to retired and disabled workers, including their dependents and survivors.1 Benefits are not payable for the month of a beneficiary’s death or later.2 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, SSA’s Death Alert, Control and Update System (DACUS) matches reports of death received from Federal, State, and local agencies against SSA’s Master Beneficiary (MBR) and Supplemental Security Records (SSR). DACUS also processes death reports from internal sources (for example, the MBR).4 Finally, SSA records the death information

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1 The Social Security Act § 201 et seq., 42 U.S.C. § 401 et seq.


3 SSA, POMS, GN 02230.018 (July 22, 2010), GN 02408.005.C (November 3, 2008), GN 02408.010 (November 3, 2008).

4 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.
processed by DACUS on the Numident, a master file that contains personally identifiable information (PII)\(^5\) for each individual issued a Social Security number (SSN).\(^6\)

SSA uses death information from the Numident to create a national record of death information called the Death Master File (DMF).\(^7\) SSA also uses death information from the Numident during its Annual Wage Reporting process to determine whether wage or self-employment reports are erroneous. Finally, E-Verify, an Internet-based system, uses death information from the Numident to allow employers to determine newly hired employees’ eligibility to work in the United States.

For our audit, we identified approximately 1.2 million\(^8\) deceased beneficiaries who had a date of death on the MBR but did not have death information on the Numident (see Appendix B).

**RESULTS OF REVIEW**

SSA needs to improve its controls to ensure it records beneficiaries’ death information on the Numident. Specifically, we determined that SSA did not record death information on the Numident for approximately 1.2 million deceased beneficiaries. As a result, as many as

- 1.2 million deceased beneficiaries were not on the DMF, and
- 681 deceased beneficiaries had earnings on the Master Earnings File (MEF) for Calendar Year 2010 that were recorded 1 or more years after their deaths (see Appendix C).

Finally, 23 employers made 30 E-Verify inquiries for 23 deceased beneficiaries and did not receive any indication that these individuals were deceased.

Generally, the deaths were not on the Numident because the beneficiaries’ PII on the MBR, SSR, or death report did not match the beneficiaries’ PII on the Numident. We also found that SSA staff incorrectly deleted death information of deceased beneficiaries from the Numident.

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5 PII is any information that can be used to distinguish or trace an individual's identity, such as name, SSN, date and place of birth, or mother's maiden name.

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

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

8 The 1.2 million beneficiaries died between 1980 and 2010. The number of deaths per year ranged from 64,564 in 1989 to 14,724 in 2010.
MISSING NUMIDENT DEATH INFORMATION FOR DECEASED BENEFICIARIES

From the population of approximately 1.2 million deceased beneficiaries whose benefits had been terminated for death on the MBR, we selected a random sample of 50 for review. Our review found that SSA properly terminated the benefits for all 50 beneficiaries; however, the death information was not on the Numident. Specifically, for 39 of the 50 beneficiaries, SSA either obtained proof of death or verified the accuracy of the death report, as required. For the remaining 11 beneficiaries, we found no evidence in SSA’s records that the death information on the MBR was incorrect. The benefits for 11 beneficiaries had been terminated for at least 4 years. On average, all 50 beneficiaries had been deceased for 16.5 years. The minimum time since their deaths was 1 year, and the maximum was 31 years.

Based on our sample results, we expect the death information for most, if not all, of these 1.2 million deceased beneficiaries was not on the Numident (see Appendix C).

Missing Death Information Reduces the Effectiveness of the DMF

Upon receipt of a valid death report, SSA should terminate the decedent’s benefits and record his/her date of death on the Numident. SSA then uses the death information from the Numident to create the DMF. The DMF includes the decedent’s SSN; dates of birth and death; and first, middle, and last name. SSA provides the DMF to the Department of Commerce’s National Technical Information Service, which in turn, sells DMF data to public and private customers who can purchase the complete DMF and subscribe to periodic updates for an additional cost.

Various Federal entities rely on the DMF to detect unreported deaths and 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 (IRS). 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

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9 SSA, POMS, GN 02602.050 (January 23, 2012).
10 The mean was 16.5 years. The median was 17 years.
12 http://www.ntis.gov/products/ssa-dmf.aspx. Beginning in November 2011, SSA no longer provides death information to the National Technical Information Service to sell to public and private customers if a State record is the only source of death.
review available databases with relevant information on eligibility before they release any Federal funds. At a minimum, agencies shall, before payment and award, check the existing databases to verify eligibility, including SSA’s DMF.\textsuperscript{13}

Any beneficiary death recorded on the MBR, but not on the Numident, is not on the DMF. As a result, Federal and private entities that rely solely on the DMF to detect deaths would not know these individuals were deceased. Our review confirmed that as many as 1.2 million deceased beneficiaries are not on the Numident and therefore not on the DMF. This missing death information could result in erroneous payments made by Federal benefit-paying agencies that rely on the DMF to detect inaccurate or unreported deaths. The missing death information will also hinder private industry and State and local governments’ ability to identify and prevent identity fraud.

**Missing Death Information Reduces the Effectiveness of the Earnings After Death Program**

SSA receives earnings reports from employers and records valid earnings on the MEF. To determine the validity of an earnings report, SSA compares the name and SSN on the earnings report to information on the Numident. In addition to verifying an individual’s name and SSN, SSA reviews the Numident to determine whether the individual is deceased. Generally, when the Numident contains a date of death and the year of death is before the year of the reported earnings, the earnings are placed in SSA’s Earnings Suspense File as an earnings after death (EAD) record.

For any EAD, SSA investigates and attempts to resolve the reported earnings. SSA sends a notice to employers, employees, and self-employed individuals to verify employment. If the employer states the individual is working for them but does not provide adequate information to resolve the issue, SSA sends a notice to the employee requesting that he/she contact SSA to correct the earnings information. If SSA can resolve the earnings, it records the wages to the proper SSN. If the employer informs SSA the individual is deceased, SSA instructs the employer to refund the employee's share of the Social Security taxes to the employee's estate or next of kin.

**Earnings Were Incorrectly Recorded on the MEF for Deceased Beneficiaries** – We found that since 2001, 1,556 deceased beneficiaries had 7,286 earnings reports with total earnings of about $158 million recorded on the MEF for 1 or more years after their deaths. This occurred because their deaths were not on the Numident and therefore not detected by the EAD program. The following table shows the year, the number of earnings reports, and amount of earnings on the MEF for 1 year or more after the beneficiaries’ deaths.

\textsuperscript{13} Presidential Memorandum-Enhancing Payment Accuracy Through a “Do Not Pay List” June 18, 2010.
Deceased Beneficiaries with Reported Earnings 1 or More Years After Death

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of Earnings Reports</th>
<th>Amount of Earnings</th>
</tr>
</thead>
<tbody>
<tr>
<td>2001</td>
<td>749</td>
<td>$12,127,513</td>
</tr>
<tr>
<td>2002</td>
<td>731</td>
<td>$12,962,756</td>
</tr>
<tr>
<td>2003</td>
<td>753</td>
<td>$13,798,676</td>
</tr>
<tr>
<td>2004</td>
<td>726</td>
<td>$13,967,638</td>
</tr>
<tr>
<td>2005</td>
<td>739</td>
<td>$15,606,449</td>
</tr>
<tr>
<td>2006</td>
<td>742</td>
<td>$17,139,585</td>
</tr>
<tr>
<td>2007</td>
<td>730</td>
<td>$18,477,604</td>
</tr>
<tr>
<td>2008</td>
<td>724</td>
<td>$18,751,900</td>
</tr>
<tr>
<td>2009</td>
<td>711</td>
<td>$17,789,092</td>
</tr>
<tr>
<td>2010</td>
<td>681</td>
<td>$17,875,278</td>
</tr>
<tr>
<td>TOTAL</td>
<td>7,286&lt;sup&gt;14&lt;/sup&gt;</td>
<td>$158,496,491</td>
</tr>
</tbody>
</table>

For 2010, 681 deceased beneficiaries had reported earnings recorded on the MEF for 1 or more years after their deaths. From this population, we randomly selected 50 for review. Our review found that 35 (70 percent) of these beneficiaries incorrectly had earnings recorded on the MEF after their deaths.<sup>15</sup>

We found that for 12 of the 35 beneficiaries, the employers had incorrectly reported earnings as wages. For example, employers incorrectly reported royalties from the entertainment industry as wages. According to SSA, these earnings belong to the decedent’s estate and should not be reported to either SSA or the IRS as wages or self-employment income and therefore should not have been recorded on the MEF.

Individuals were potentially using deceased beneficiaries’ SSNs or employers may have reported earnings using an incorrect SSN for 23 of the 35 deceased beneficiaries. For example, SSA had terminated benefits to a beneficiary who died in July 1988. However, earnings of $141,589 were recorded on the MEF for the beneficiary between 2006 and 2010. In another example, a beneficiary who died in January 1998 had earnings of $214,416 recorded on the MEF from 2004 to 2010.

For the remaining 15 beneficiaries, SSA had an incorrect SSN on the MBR. We found that the earnings reported for the 15 SSNs appeared to belong to another individual and that SSA needed to correct the SSN on the MBR. For example, SSA incorrectly recorded on the MBR of a deceased beneficiary who was born on September 14, 1909 in Madisonville, Tennessee, and died in October 2001, the SSN of a woman who was born on July 17, 1990 in Greensboro, North Carolina. In a 2003 audit, we identified

<sup>14</sup> A deceased beneficiary may have had earnings after death recorded for multiple years.

<sup>15</sup> We also reviewed the 35 cases and found that the monthly benefits payable to any survivors did not increase because of the earnings recorded on the MEF.

<sup>16</sup> Impact on the Social Security Administration’s Programs When Auxiliary Beneficiaries Have incorrect Social Security Numbers (A-01-03-33020), November 26, 2003.
problems associated with incorrect SSNs on the MBR and found that SSA needed to improve controls to ensure it correctly recorded beneficiaries SSNs on the MBR.

Based on our sample results, we expect most, if not all, of these 681 deceased beneficiaries had earnings recorded on the MEF for Calendar Year 2010 (see Appendix C).

**Missing Death Information Reduces the Effectiveness of E-Verify**

E-Verify is a Department and Homeland Security (DHS) program that allows participating employers to verify whether newly hired employees are authorized to work in the United States under immigration law. E-Verify checks each new hire’s information against the information on the Numident, including the new hire’s SSN, name, date of birth, death data, fraud indicator, and U.S. citizenship. If the information the employers submitted does not match SSA’s records, SSA sends a response to E-Verify, which in turn, generates a message to the employer that there is a discrepancy with SSA’s records. This response is known as an SSA Tentative Nonconfirmation (TNC).

The response sent back to the employer includes the reason for the discrepancy and instructions for notifying the employee. If the employee decides not to contest the TNC, the employer may terminate the employee based on E-Verify. However, if the employee chooses to contest the TNC, he/she has 8 Federal workdays to visit a local SSA field office to present the documentation required to resolve the discrepancy.

Of the 681 deceased beneficiaries who had earnings recorded on the MEF in 2010, we found that there were 30 E-Verify inquiries for 23 of the deceased beneficiaries from 23 employers between January 2010 and June 2011. Since these beneficiaries’ deaths were not on the Numident, the responses to the employers were that the names matched the Numident, and death data did not exist for these 23 individuals. Therefore, the response from E-Verify did not indicate that individuals using these 23 SSNs may not have been authorized to work in the United States.

**REASONS FOR MISSING NUMIDENT DEATH INFORMATION**

Upon receipt of a death report for a beneficiary, SSA initiates action to terminate benefits and recover any payments issued after death. If a death report is received from a first party (for example, family members and funeral directors), SSA terminates benefits without verification. SSA verifies death reports received from all other sources. 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.

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Identifying Information Did Not Match – We reviewed our random sample of 50 deceased beneficiaries to determine why their deaths were not on the Numident. Our analysis disclosed that, except for the SSNs, identifying information on the MBR and Numident for 44 (88 percent) of the beneficiaries did not match. However, based on our review of the records, we concluded that all 44 beneficiaries were, in fact, the same individuals. Generally, the records did not match because the beneficiaries had minor differences in names and dates of birth on the MBR and Numident. Specifically, beneficiaries had used nicknames or married names on one of the records or the year of birth differed by more than 1 year while all other identifying information matched.

Identifying Information Matched Within SSA’s Accepted Tolerances – Of the 50 beneficiaries in our sample, 6 (12 percent) had identifying information that matched between the MBR and Numident. The identifying information matched exactly for four beneficiaries and was within SSA’s accepted tolerances for two beneficiaries. Therefore, these six beneficiaries’ deaths should have been recorded on the Numident.

Analysis of Recent Deaths Not Recorded on Numident – SSA retains a record of any changes made to the Numident death information in the past 12 months. Therefore, to determine why deceased beneficiaries whose identifying information on the MBR and Numident matched, but who did not have their deaths recorded on the Numident, we provided SSA 20 recently deceased beneficiaries for analysis. According to SSA’s matching criteria, the death information for 18 of these beneficiaries should have been recorded on the Numident. The analysis of the 20 beneficiaries found that the deaths were not on the Numident for the following reasons.

- SSA employees incorrectly deleted the death from the Numident for 12 beneficiaries.
- PII matched the MBR but did not match the SSR for four beneficiaries.
- PII on the MBR was not within SSA’s matching criteria for two beneficiaries.
- SSA employees subsequently took corrective action to record the death information on the Numident for two beneficiaries.

CONCLUSION AND RECOMMENDATIONS

SSA needs to improve controls to ensure it records death information on the Numident for deceased beneficiaries. Our review disclosed that as many as 1.2 million deceased beneficiaries’ deaths were not on the DMF. We also found that as many as 681 deceased beneficiaries had earnings recorded on the MEF after their deaths. Finally, the absence of death information on the Numident reduced the effectiveness of the E-Verify system and resulted in incorrect responses to employers for 23 deceased beneficiaries.
We recommend that SSA:

1. Analyze its death processing systems to ensure it records death information on the Numident and determine whether it can efficiently correct any of the 1.2 million beneficiary records identified by our audit.

2. Develop a cost-effective method for identifying deceased beneficiaries who have death information on the MBR but not on the Numident. This could involve periodic matches between the MBR and Numident to detect and correct missing death information.

AGENCY COMMENTS

SSA agreed with all our recommendations. SSA also commented that it is working with the States to ensure more accurate and timely death reports. In addition, SSA has several initiatives to ensure greater consistency between the name and SSN information on the MBR, SSR, and the Numident. Finally, SSA plans to evaluate its death reporting process to identify enhancements to correctly record death information and efficiently correct death discrepancies between its records. SSA’s comments are included in Appendix D.

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

<table>
<thead>
<tr>
<th>Acronym</th>
<th>Description</th>
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<tbody>
<tr>
<td>Act</td>
<td>Social Security Act</td>
</tr>
<tr>
<td>CY</td>
<td>Calendar Year</td>
</tr>
<tr>
<td>DACUS</td>
<td>Death Alert, Control and Update System</td>
</tr>
<tr>
<td>DHS</td>
<td>Department of Homeland Security</td>
</tr>
<tr>
<td>DMF</td>
<td>Death Master File</td>
</tr>
<tr>
<td>EAD</td>
<td>Earnings After Death</td>
</tr>
<tr>
<td>IRS</td>
<td>Internal Revenue Service</td>
</tr>
<tr>
<td>MBR</td>
<td>Master Beneficiary Record</td>
</tr>
<tr>
<td>MEF</td>
<td>Master Earnings File</td>
</tr>
<tr>
<td>OIG</td>
<td>Office of the Inspector General</td>
</tr>
<tr>
<td>PII</td>
<td>Personally Identifiable Information</td>
</tr>
<tr>
<td>POMS</td>
<td>Program Operations Manual System</td>
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<tr>
<td>SSA</td>
<td>Social Security Administration</td>
</tr>
<tr>
<td>SSN</td>
<td>Social Security Number</td>
</tr>
<tr>
<td>SSR</td>
<td>Supplemental Security Record</td>
</tr>
<tr>
<td>TNC</td>
<td>Tentative Nonconfirmation</td>
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Scope and Methodology

From the Social Security Administration’s (SSA) Master Beneficiary Record (MBR), we obtained a data extract of Title II beneficiaries whose benefits SSA terminated for death and whose MBRs had a date of death. From this extract, we identified a population of 1.2 million deceased beneficiaries who did not have a date of death recorded on the Numident as of June 2011. The following table summarizes the annual number of deceased beneficiaries without death information on the Numident since 1980.

<table>
<thead>
<tr>
<th>Calendar Year</th>
<th>Number of Deceased Beneficiaries Whose Death Was Not on the Numident</th>
</tr>
</thead>
<tbody>
<tr>
<td>1980</td>
<td>24,851</td>
</tr>
<tr>
<td>1981</td>
<td>25,172</td>
</tr>
<tr>
<td>1982</td>
<td>25,475</td>
</tr>
<tr>
<td>1983</td>
<td>26,160</td>
</tr>
<tr>
<td>1984</td>
<td>26,348</td>
</tr>
<tr>
<td>1985</td>
<td>26,782</td>
</tr>
<tr>
<td>1986</td>
<td>26,891</td>
</tr>
<tr>
<td>1987</td>
<td>27,569</td>
</tr>
<tr>
<td>1988</td>
<td>61,360</td>
</tr>
<tr>
<td>1989</td>
<td>64,564</td>
</tr>
<tr>
<td>1990</td>
<td>62,689</td>
</tr>
<tr>
<td>1991</td>
<td>61,059</td>
</tr>
<tr>
<td>1992</td>
<td>59,605</td>
</tr>
<tr>
<td>1993</td>
<td>59,890</td>
</tr>
<tr>
<td>1994</td>
<td>57,492</td>
</tr>
<tr>
<td>1995</td>
<td>54,997</td>
</tr>
<tr>
<td>1996</td>
<td>55,772</td>
</tr>
<tr>
<td>1997</td>
<td>53,421</td>
</tr>
<tr>
<td>1998</td>
<td>50,830</td>
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<tr>
<td>1999</td>
<td>48,551</td>
</tr>
<tr>
<td>2000</td>
<td>45,919</td>
</tr>
<tr>
<td>2001</td>
<td>43,111</td>
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<tr>
<td>2002</td>
<td>41,111</td>
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<tr>
<td>2003</td>
<td>38,520</td>
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<tr>
<td>2004</td>
<td>28,393</td>
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<tr>
<td>2005</td>
<td>25,976</td>
</tr>
<tr>
<td>2006</td>
<td>23,236</td>
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<tr>
<td>2007</td>
<td>19,436</td>
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<tr>
<td>2008</td>
<td>17,386</td>
</tr>
<tr>
<td>2009</td>
<td>15,506</td>
</tr>
<tr>
<td>2010</td>
<td>14,724</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1,212,796</strong></td>
</tr>
</tbody>
</table>
For Calendar Years 2001 through 2010, we identified 1,556 deceased beneficiaries who had 7,286 earnings reports for 1 or more years after their deaths that were recorded on SSA’s Master Earnings File (MEF). This included 681 deceased beneficiaries who had reported earnings in Calendar Year 2010. We verified the 681 deceased beneficiaries with the Department of Homeland Security’s E-Verify system and identified 30 inquiries from 23 employers for 23 of these beneficiaries.

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 San Francisco Regional Office as well as the Offices of Earnings, Enumeration, and Administrative Systems; Income Security Programs; and Retirement and Survivors Insurance Systems; and
- reviewed queries from SSA’s MBR, Supplemental Security Record, Numident, and MEF for each sample item.

We determined the computer-processed data from the MBR 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 August 2011 and March 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

I. Missing Death Information on the Numident

From the Social Security Administration’s (SSA) Master Beneficiary Record (MBR), we obtained a data extract of beneficiaries whose benefits SSA terminated for death and who had a date of death on the MBR. From this extract, we identified a population of 1,212,796 deceased beneficiaries who did not have a date of death recorded on the Numident as of June 2011. We selected a random sample of 50 beneficiaries from this population for review. Our review confirmed that all 50 beneficiaries (100 percent) were properly terminated for death on the MBR; however, there was no death information recorded on SSA’s Numident. Based on our sample results, we expect most, if not all, of these 1.2 million deceased beneficiaries did not have their death information on the Numident.

II. Earnings After Death

For Calendar Years 2001 through 2010, we identified 1,556 deceased beneficiaries who had 7,286 earnings reports for 1 or more years after their deaths that were recorded on SSA’s Master Earnings File (MEF). This included 681 deceased beneficiaries who had reported earnings in Calendar Year 2010. From the population of 681 beneficiaries, we selected a random sample of 50 for review. Our review found that 35 (70 percent) of the 50 deceased beneficiaries had erroneous earnings recorded on the MEF after their deaths. We also found that 15 (30 percent) of the 50 beneficiaries had an incorrect SSN on the MBR. Based on our sample results, we expect most, if not all, of these 681 beneficiaries had earnings recorded on the MEF for Calendar Year 2010.
Appendix D

Agency Comments
MEMORANDUM

Date: June 22, 2012

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, “Title II Deceased Beneficiaries Who Do Not Have Death Information on the Numident” (A-09-11-21171)—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,
“TITLE II DECEASED BENEFICIARIES WHO DO NOT HAVE DEATH
INFORMATION ON THE NUMIDENT” (A-09-11-21171)

GENERAL COMMENTS

We believe the report should recognize the advances we have made to improve the consistency
of the death information on our records and death reporting. Highlights of our significant
enhancements follow.

We are working with the States who want, and are able, to build a streamlined death registration
process, known as Electronic Death Registration (EDR). EDR will replace the States’ more
cumbersome and labor-intensive process through which we currently receive death information.
This streamlined electronic process allows States to verify the name and Social Security number
(SSN) of a deceased person and transmit more accurate and timely death reports. Through this
system, we receive death reports within 5 days of the individual’s death and within 24 hours after
the State receives it. We can take immediate action to terminate benefits on these cases. EDR
transactions are virtually error free, and our systems automatically stop benefits without
employee intervention.

EDR has slowly 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, future death reporting would be virtually error free. The nationwide
implementation of EDR is contingent on congressional funding of the Department of Health and
Human Services so that it can fund the State grants.

We are also working on several initiatives to ensure greater consistency between the name and
SSN information on the Master Beneficiary Record (MBR), the Supplemental Security Record
(SSR), and the Numident. In September 2012, we plan to implement two automated initiatives
(the Claims Enumeration Mini-Path and Autoclear project and the Internet Claim/CLIENT
Release 5) to improve the integrity of data on the MBR, SSR, and the Numident. The changes
will require personally identifiable information data to match exactly our master records before
approving a claim.

In fiscal year 2013, resources permitting, we plan to begin rewriting our Death, Alert and Control
and Update System. This project will evaluate the death reporting process to identify
enhancements to ensure we post death information correctly on our master records, and
determine how to correct discrepancies in death data between our master records efficiently.

We also believe the report should explain the distinction between the public Death Master File,
which does not include State records, and the death information we share with other Federal
benefit-paying agencies, which does include State records.
RESPONSE TO THE RECOMMENDATIONS

Recommendation 1

Analyze its death processing systems to ensure it records death information on the Numident and determine whether it can efficiently correct any of the 1.2 million beneficiary records identified by our audit.

Response

We agree. As resources allow, we will begin examining the death reporting process.

Recommendation 2

Develop a cost-effective method for identifying deceased beneficiaries who have death information on the MBR but not on the Numident. This could involve periodic matches between the MBR and Numident to detect and correct missing death information.

Response

We agree. As resources allow, we will begin examining the death reporting process.
OIG 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:

Manfei Lau, Senior Auditor

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