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**OFFICE OF  
THE INSPECTOR GENERAL**

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**SOCIAL SECURITY ADMINISTRATION**

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**FOLLOW UP ON THE  
SOCIAL SECURITY ADMINISTRATION'S  
PROCEDURES TO IDENTIFY  
REPRESENTATIVE PAYEES  
WHO ARE DECEASED**

**October 2006      A-01-06-16054**

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**AUDIT REPORT**

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**We improve SSA programs and operations and protect them against fraud, waste, and abuse by conducting independent and objective audits, evaluations, and investigations. We provide timely, useful, and reliable information and advice to Administration officials, the Congress, and the public.**

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- 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.**

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# SOCIAL SECURITY

## MEMORANDUM

Date: October 27, 2006

Refer To:

To: The Commissioner

From: Inspector General

Subject: Follow up on the Social Security Administration's Procedures to Identify Representative Payees Who Are Deceased (A-01-06-16054)

## OBJECTIVE

Our objective was to determine whether the Social Security Administration (SSA) identifies all cases in which a new representative payee is needed when a current payee dies.

## BACKGROUND

Some individuals are not able to manage or direct the management of their finances because of their age or mental and/or physical impairments. For such individuals, Congress provided for payment to be made through representative payees who receive and manage the benefit payments for these beneficiaries and recipients.<sup>1</sup> When a representative payee dies, applicable regulations indicate that SSA will select a new payee.<sup>2</sup>

In our September 1999 report, *The Social Security Administration's Procedures to Identify Representative Payees Who Are Deceased*, we determined that SSA's procedures did not ensure that new representative payees were selected when the current payees died. This situation occurred for several reasons, including:

- incorrect death information was recorded on SSA's Death Master File (DMF),<sup>3</sup>
- erroneous Social Security numbers (SSN) were recorded in SSA's data files for representative payees, and

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<sup>1</sup> The Social Security Act §§ 205(j) and 1631(a)(2), 42 United States Code (U.S.C.) §§ 405(j) and 1383(a)(2).

<sup>2</sup> 20 Code of Federal Regulations (C.F.R.) §§ 404.2050(d) and 416.650(d).

<sup>3</sup> The DMF is SSA's national file of death information.

- the Master Representative Payee File (MRPF) was incomplete with regard to representative payees for Supplemental Security Income (SSI) recipients.<sup>4</sup>

(See Appendix B for the recommendations from our prior audit.)

Congress mandated that SSA establish a system of accountability monitoring of representative payees and requested regular updates on the results of on-site and other reviews of payees.<sup>5</sup> If payees die and are not replaced, SSA cannot be sure the funds are being used to meet the beneficiaries' needs, such as food, clothing, shelter, and medical care. Additionally, if another individual acts as a de facto payee, that person is not subject to SSA's financial oversight and reporting responsibilities—such as reporting events to SSA that may affect the individual's entitlement or benefit payment amount.<sup>6</sup> In prior audits, we found instances where de facto payees did not properly perform their responsibilities and other instances where there was a significant risk for the potential misuse of benefits. (See Appendix C for prior audits on representative payees.)

To conduct our review, we identified—through computer matching of data from the DMF, Master Beneficiary Record (MBR) and Supplemental Security Record (SSR)—2,700 Old-Age, Survivors and Disability Insurance (OASDI) beneficiaries and 1,116 SSI recipients with representative payees who were deceased per the DMF as of January 2006.<sup>7</sup> From our match results, we reviewed 100 sample cases from the MBR and 100 sample cases from the SSR.<sup>8</sup> Additionally, we reviewed 200 sampled SSI records from a population of recipients with representative payees who appeared to be missing in the MRPF. (See Appendix D for additional information on our audit scope and sampling methodology.)

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<sup>4</sup> The Agency is supposed to maintain a list of all payees in the MRPF.

<sup>5</sup> The Social Security Act §§ 205(j)(3)(A), 205(j)(6)(B), 1631(a)(2)(C)(i) and 1631(a)(2)(F)(iv) and (G)(ii), 42 U.S.C. §§ 405(j)(3)(A), 405(j)(6)(B), 1383(a)(2)(C)(i) and 1383(a)(2)(F)(iv) and (G)(ii).

<sup>6</sup> 20 C.F.R. §§ 404.2035 and 416.635.

<sup>7</sup> Information about beneficiaries needed to administer the OASDI program resides on SSA's MBR file. Information needed to administer the SSI program resides on SSA's SSR file. We had, in total, 287 beneficiaries who were in both the OASDI and SSI populations because they received benefits from both programs and had payees who were deceased per SSA's records.

<sup>8</sup> One beneficiary received both OASDI and SSI benefits and was randomly selected for both samples. However, the dollar findings associated with this beneficiary in our samples and estimates are separate and distinct because we sampled separately for each program.

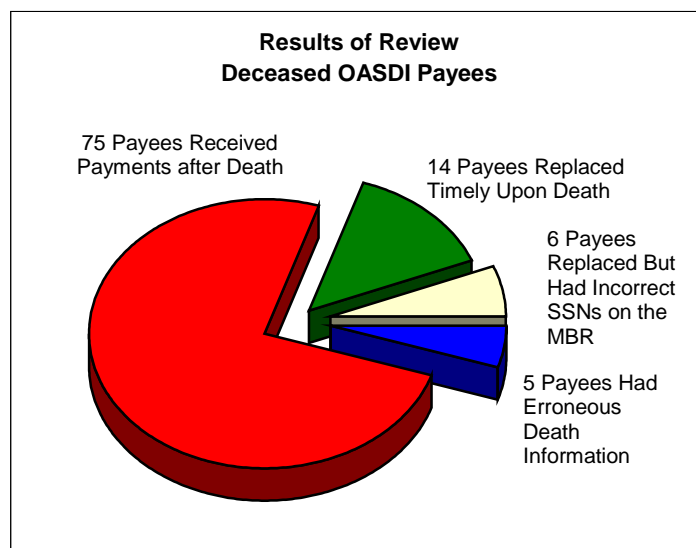
## RESULTS OF REVIEW

SSA's existing procedures still do not ensure that new representative payees are selected when current payees die. However, SSA has taken steps to improve its performance in this area and has plans to update its computer systems in March 2007 to further address this issue. Based on the results of our samples, we estimate that 2,025 deceased payees received \$20.9 million in OASDI benefits and 837 deceased payees received \$4.6 million in SSI payments.<sup>9</sup>

### DECEASED REPRESENTATIVE PAYEES

Of the 100 sampled representative payees managing funds for OASDI beneficiaries:

- 75 were issued \$773,170 in benefits to manage after their dates of death;<sup>10</sup>
- 14 were replaced with new payees and no benefits were issued to the deceased payees;
- 6 were replaced with new payees but their SSNs were incorrectly recorded on the MBRs;<sup>11</sup> and
- 5 were alive but had erroneous dates of death on the DMF.<sup>12</sup>



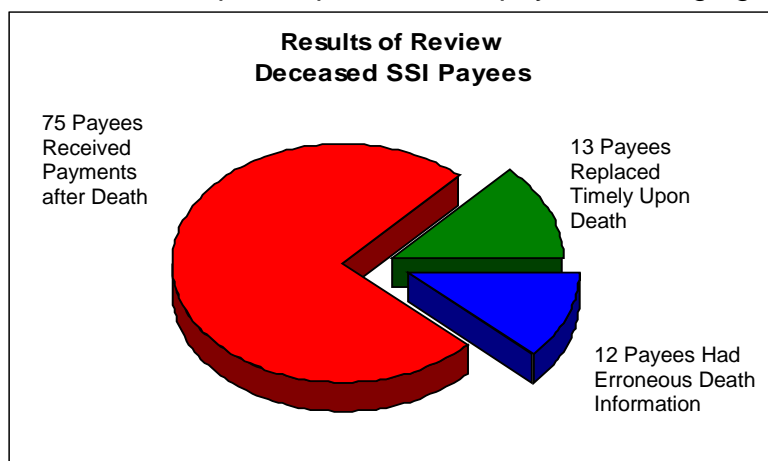
<sup>9</sup> These payments were calculated from the date of the payee's death through the date SSA replaced the payee—or through September 2006, whichever was earlier. We estimate, based on our samples, that the remaining 675 payees who received OASDI benefits and 279 payees who received SSI payments did not receive benefits as payees after death. We sampled and reviewed separately for OASDI and SSI representative payees and found that payments had been made to deceased payees under both programs.

<sup>10</sup> As of October 2006, SSA had replaced all but 4 of the deceased payees with new payees, and these 4 beneficiaries have had their benefits suspended while new payees were being selected.

<sup>11</sup> When the new payees were selected after the existing payees died, the new payees' names were added to the MBR, but their SSNs were not updated. Projecting these 6 cases to the 2,700 OASDI beneficiaries in our population, we estimate that 162 payees are recorded on the MBR with incorrect SSNs.

<sup>12</sup> We previously reported on individuals who were alive but had dates of death on the DMF in *OASDI Benefits Paid to Deceased Auxiliary Beneficiaries (A-01-00-20043)*, June 2001.

Of the 100 sampled representative payees managing funds for SSI recipients:



- 75 were issued \$414,791 in SSI payments to manage after their dates of death;<sup>13</sup>
- 13 were replaced with new payees and no SSI payments were issued to the deceased payees; and
- 12 were alive but had erroneous dates of death on the DMF.

Based on the 75 payees who received OASDI funds after death and the 75 payees who received SSI funds after death, we estimate that 2,025 deceased payees (from our population of 2,700) received \$20.9 million in OASDI payments and 837 deceased payees (from our population of 1,116) received \$4.6 million in SSI payments.<sup>14</sup>

The funds for beneficiaries in our population who have deceased payees may be at risk for being misused. SSA referred one case to our Office of Investigations for possible fraud and misuse of funds.<sup>15</sup>

We also found instances where payees' own benefits were terminated, but they continued to be paid as representative payees for an extended period of time on behalf other beneficiaries. For example,

- One payee died on April 2, 2004, and her death was recorded on the DMF on April 23, 2004. SSA promptly stopped the payee's benefits, and no payments were issued after April 2004. However, SSA continued to pay her \$17,639 in benefits as a payee for 26 months after her death until—upon our request—SSA selected a new payee in July 2006. Despite payments being made to a deceased payee from April 2004 until July 2006, the beneficiary's needs were met because her sister obtained a court order to access her bank account and used the funds to take care of her needs.

<sup>13</sup> As of October 2006, SSA had replaced all but 3 of the deceased payees with new payees, and these 3 recipients have had their benefits suspended while new payees were being selected.

<sup>14</sup> These estimates are based on our sample cases where deceased payees were issued benefits from the date of their deaths until SSA updated the beneficiaries' records—or through September 2006—whichever was earlier.

<sup>15</sup> Based on feedback from SSA, it appeared that the beneficiaries' needs were being met for the remaining sample cases.

- Another payee died on January 6, 2004 and her death was recorded on the DMF on February 11, 2004. SSA promptly stopped the payee’s benefits, and no payments were issued after February 2004. However, SSA continued to pay her \$16,770 in SSI payments as a payee for 29 months after her death until—upon our request—SSA selected a new payee in June 2006. In June 2006, the recipient provided documentation that she had been successfully managing her own funds since her payee’s death in January 2004. SSA determined that she was capable of handling her own finances and began paying her directly.

The following two tables show that, for our sample cases, SSA paid most deceased payees more than three benefit checks after their dates of death.<sup>16</sup> Additionally, SSA knew about most payees’ deaths for more than 3 months before taking action to replace them with new payees.

Payments Issued After Death		
Number of Payments	Deceased OASDI Payees	Deceased SSI Payees
1 to 3	11	13
4 to 6	4	7
7 to 9	9	8
10 to 12	14	9
13 to 24	26	28
More than 24	11	10
<b>Total</b>	<b>75</b>	<b>75</b>

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<sup>16</sup> Some benefits were suspended while the Agency looked for new payees. Although SSA's policy is to pay benefits even when a payee is being sought, benefits can be suspended for a maximum of 1 month while a new payee is being identified if direct payment to the incapable beneficiary would cause the beneficiary substantial harm—meaning that direct receipt of funds by the beneficiary would cause physical or mental injury to the beneficiary. SSA, POMS, GN 00504.105.

<b>Time Span Between When SSA Recorded Payees' Deaths and When SSA Replaced the Payees</b>		
<b>Length of Time</b>	<b>Number of OASDI Payees</b>	<b>Number of SSI Payees</b>
Less than 1 month	4	5
1 to 3 months	6	8
4 to 6 months	5	6
7 to 9 months	11	6
10 to 12 months	13	12
1 to 2 years	26	28
Over 2 years	10	10
<b>Total</b>	<b>75</b>	<b>75</b>

SSA plans to release a systems update in March 2007 that will send death information received by SSA to the MBR and/or SSR and will automatically suspend any benefits paid to deceased payees. These changes should assist the Agency in identifying and replacing deceased payees timely.

### **CONSISTENCY OF DATA BETWEEN MRPF AND SSR**

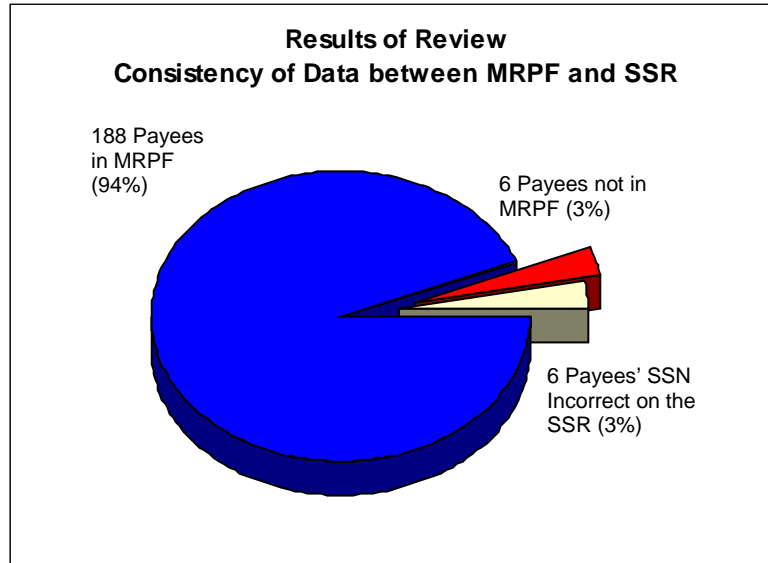
SSA's MRPF does not contain all representative payees for SSI recipients. Based on our match between payees listed on the SSR with SSA's MRPF, we initially identified cases where payees were recorded on the SSR but appeared to be omitted from the MRPF.<sup>17</sup> We randomly selected 200 cases for review and found:

- 6 were not in the MRPF but were managing \$3,746 in SSI payments for the month of April 2006. Projecting these results to the population, we estimate SSA paid approximately \$23.7 million in annual SSI payments to about 3,157 payees who were not included in the MRPF.

<sup>17</sup> We also tested the completeness of the MBR representative payee data in the MRPF by randomly sampling and reviewing 25 cases from our file of OASDI beneficiaries with representative payees on the MBR who appeared to be omitted from the MRPF. For these cases, we found that the MBR payee data only differed with MRPF due to timing differences between the dates our files were extracted.



- 6 did not match because the payees' SSNs on the SSR were incorrect (even though these payees were in the MRPF under their correct SSNs). Projecting these results to the 105,240 payees in our population, we estimate that about 3,157 payees were recorded on the SSR with incorrect SSNs—which compromises SSA's data.
- 188 were in the MRPF and had no problems.<sup>18</sup>



## CONCLUSION AND RECOMMENDATIONS

We acknowledge that SSA has taken steps to identify and replace representative payees when they die and has plans for a systems upgrade next year. However, the Agency's current procedures and processes still do not ensure that new payees are selected timely when the existing payees die. Even though SSA indicated to us that most of our sampled beneficiaries and recipients had their needs met while their benefits were being paid to deceased payees, the benefits for the remaining beneficiaries and recipients in the population could be at risk for being misused and/or a de facto payee may not be adhering to SSA's guidelines for being a payee.<sup>19</sup>

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<sup>18</sup> These cases appeared in our match because we used a SSR file from June 2005 and a MRPF file from January 2006. However, these payees were replaced by new payees during the lag time between our two data files.

<sup>19</sup> As of September 2006—for the remaining 2,600 OASDI beneficiaries in the population—272 were no longer receiving benefits, 1,267 had the payee replaced since June 2005, and 1,061 still appeared to have deceased payees. For the remaining 1,016 SSI recipients in the population, 120 were no longer receiving benefits, 511 had the payee replaced since June 2005, and 385 still appeared to have deceased payees.

Therefore, we recommend SSA:

1. Ensure the needs of the remaining beneficiaries and recipients in our population are being met and that all deceased payees are replaced with new payees.
2. Continue its efforts to upgrade systems to ensure deceased payees are identified and replaced in a timely manner.

## **AGENCY COMMENTS**

SSA agreed with our recommendations. (See Appendix E.)

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

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[APPENDIX A](#) – Acronyms

[APPENDIX B](#) – Status of Recommendations from Prior Audit

[APPENDIX C](#) – Prior OIG Audits on Representative Payees

[APPENDIX D](#) – Scope, Sampling Methodology and Results

Table 1: Sample Results and Attribute Projections – MBR Match with DMF

Table 2: Sample Results and Dollar Projections – MBR Match with DMF

Table 3: Sample Results and Attribute Projections – SSR Match with DMF

Table 4: Sample Results and Dollar Projections – SSR Match with DMF

Table 5: Sample Results and Attribute Projections – MRPF Completeness

Table 6: Sample Results and Dollar Projections – MRPF Completeness

[APPENDIX E](#) – Agency Comments

[APPENDIX F](#) – OIG Contacts and Staff Acknowledgments

## Acronyms

C.F.R.	Code of Federal Regulations
DMF	Death Master File
MBR	Master Beneficiary Record
MRPF	Master Representative Payee File
OASDI	Old-Age, Survivors and Disability Insurance
SSA	Social Security Administration
SSI	Supplemental Security Income
SSN	Social Security Number
SSR	Supplemental Security Record
U.S.C.	United States Code

## Status of Recommendations from Prior Audit

In September 1999, the Office of the Inspector General issued a report *The Social Security Administration's Procedures to Identify Representative Payees Who Are Deceased* (A-01-98-61009). This report included six recommendations to improve the Social Security Administration's (SSA) procedures for ensuring that representative payees are replaced when they die. The table below lists the recommendations from the prior report, SSA's proposed actions at the time the report was issued, and the current status as of June 2006.

<b>Recommendation 1 – Routinely match the Death Master File (DMF) against the Master Representative Payee File (MRPF) to identify deceased representative payees and select new payees for all beneficiaries and/or recipients affected.</b>	
SSA's Comments and Actions from September 1999 Report	SSA agreed with the intent of the recommendation. SSA believed that actions envisioned in its Enumeration/Client 5-year Systems Plan would address the issue of better identifying payees who die. These actions included automatic checks of the MRPF when a report of death from a third party is keyed into the DMF and new screens to reconcile discrepancies between databases with a single input.
Current Condition in 2006	We estimated SSA paid approximately \$20.8 million in Old-Age, Survivors and Disability Insurance (OASDI) benefits to about 2,025 deceased payees and \$4.6 million in Supplemental Security Income (SSI) payments to about 837 deceased payees. However, SSA plans to release a systems update in March 2007.
<b>Recommendation 2 – Issue a memorandum that emphasizes the correct procedures to be performed by Field Office personnel to ensure that funds paid to deceased representative payees are accounted for and transferred to the new payees when replacing deceased payees. This memorandum should include instructions for referring cases where fraud is suspected.</b>	
SSA's Comments and Actions from September 1999 Report	SSA agreed and planned to issue appropriate reminders. An Emergency Message (EM-99119) was released to all Field Offices on November 1, 1999, which instructed personnel on the correct procedure in handing conserved funds and ensuring that they were transferred to SSA or to the new representative payee. It also addressed action to take where misuse or fraud was suspected.
Current Condition in 2006	In our sample cases, SSA referred one case to our Office of Investigations for possible fraud and misuse of funds. For the remaining cases, it appears that the beneficiaries' needs were being met, even though the payees were deceased.

<b>Recommendation 3 – Identify and correct instances in which erroneous dates of death are contained on the representative payee Master Beneficiary Record (MBR). These corrections should be made prior to updating the DMF by matching against dates of death contained on MBR.</b>	
SSA's Comments and Actions from September 1999 Report	SSA agreed and stated that it was aware of the need to reconcile all client data, including death data, in its payment and client files. For this reason, an initiative was included in the Agency's Enumeration/Client 5-year Systems Plan to address discrepancies. However, due to other priorities, this initiative was not scheduled before August 2000.
Current Condition in 2006	We estimated that 135 OASDI payees and 134 SSI payees were erroneously listed as deceased on the DMF. SSA plans to release a systems update in March 2007.
<b>Recommendation 4 – Identify and correct instances where the Social Security numbers (SSN) of representative payees on the MBR and the Supplemental Security Records (SSR) are erroneous.</b>	
SSA's Comments and Actions from September 1999 Report	SSA agreed that identification and clean-up of erroneous SSNs was needed.
Current Condition in 2006	We estimated that 162 payees were recorded on the MBR with incorrect SSNs because SSA updated the payee name fields but did not update the payee SSN fields on the MBR when new payees were selected. SSA plans to release a systems update in March 2007.
<b>Recommendation 5 – Implement an edit check to ensure that the representative payee SSN is updated on the MBR whenever a new payee's name is added.</b>	
SSA's Comments and Actions from September 1999 Report	SSA agreed. Whenever a change of payee action is input through the Representative Payee System, the new payee's SSN is updated to the MBR as part of that transaction. The Terminating, Attainments, Transfers and Terminations system automatically changed the payment legend on children's payments to the surviving spouse in the same household when a parent who was the payee died. This action occurred without updating the surviving spouse's SSN to the MBR as the payee's SSN.
Current Condition in 2006	We estimated that 162 payees were recorded on the MBR with incorrect SSNs because SSA updated the payee name fields but did not update the payee SSN fields on the MBR when new payees were selected. SSA plans to release a systems update in March 2007.

**Recommendation 6 – Identify those individuals acting as representative payees for SSI recipients who are not included in the MRPF and ensure their inclusion.**

SSA's Comments and Actions from September 1999 Report	SSA agreed and was aware of this problem. The Agency planned to initiate a match after April 2000 to identify the extent of the problem and would decide how to proceed at that time.
Current Condition in 2006	We estimated that SSA paid approximately \$23.7 million in SSI payments annually to about 3,157 payees who were not included in the MRPF.

## Prior OIG Audits on Representative Payees

The Social Security Administration (SSA) requires representative payees to ensure the beneficiaries they serve have their needs met. Payee responsibilities and requirements include:<sup>1</sup>

- Using the benefit payments only for the use and benefit of the beneficiary in a manner and for the purposes he or she determines, under SSA guidelines, to be in the best interests of the beneficiary;
- Notifying SSA of any event that will affect the amount of benefits the beneficiary receives or the right of the beneficiary to receive benefits;
- Submitting to SSA, upon request, a written report accounting for the benefits received.

The following table lists some of our audits on payees where we found indications that beneficiaries' needs might not be met.

Report	Date Issued	Results of Review
Scott County Community Services Department, A Fee-for Service Representative Payee for SSA (A-07-06-16040)	June 2006	This payee did not maintain adequate documentation to support expenses.
Representative Payee Onsite Reviews of State Institutions (A-09-06-26010)	April 2006	The SSA Regional Office could improve the effectiveness and efficiency of its onsite reviews of State institutions.
Concurrent Title II and Title XVI Beneficiaries Receiving Representative Payee and Direct Payments (A-09-05-15144)	April 2006	SSA needed to improve its controls to prevent the direct payment of concurrent benefits to individuals with payees.
Representative Payees Receiving Benefits for Children in Foster Care (A-13-05-15047)	January 2006	Many children in long-term foster care placement with Baltimore City Department of Social Services had payees other than the foster care parents, and the Agency was unable to ensure that the children's needs were being met.

<sup>1</sup> 20 C.F.R. §§ 404.2035 and 416.635.



Report	Date Issued	Results of Review
Nation-wide Review of Individual Representative Payees for SSA (A-13-05-25006)	July 2005	Of the 359 beneficiaries reviewed, we were unable to determine if the needs of 3 beneficiaries were being met.
Seattle Mental Health Institute – An Organizational Representative Payee for SSA (A-09-04-14015)	October 2004	We could not determine whether this agency properly used benefits for the beneficiaries' use and benefit.
Family Services, Inc., of Charleston, South Carolina, A Fee-for Service Representative Payee for SSA (A-13-04-14002)	October 2004	This payee did not ensure the benefits were accounted for in accordance with SSA's policies and procedures.
The Effectiveness of Policies and Procedures Used to Identify Incarcerated Representative Payees (A-02-04-14031)	September 2004	SSA personnel were not effectively implementing policies and procedures to identify incarcerated payees.
SSA's Representative Payee Selection Process (A-01-04-14008)	May 2004	SSA's procedures did not ensure that all beneficiaries who were incapable of managing their finances were paid through payees.
Suitability of Individuals Acting as Representative Payees (A-02-03-13032)	October 2003	Beneficiaries determined to be incapable of managing his or her own funds were payees responsible for managing another beneficiary's funds.
The Connecticut Mental Health Center, Money Management Program – An Organizational Representative Payee for SSA (A-13-03-23009)	August 2003	This payee did not ensure the benefits were used and accounted for in accordance with SSA's policies and procedures.
Audit of the Community Counseling Center of Chicago – A Fee-for-Service Representative Payee for SSA (A-13-03-13002)	July 2003	This payee did not ensure the benefits were used and accounted for in accordance with SSA's policies and procedures.
Audit of Key Point Health Services, Inc. – An Organizational Representative Payee for SSA (A-13-02-22014)	May 2003	We could not determine whether this payee ensured the benefits were used and accounted for in accordance with SSA's policies and procedures.
SSA's Site Reviews of Representative Payees (A-13-01-11042)	April 2003	SSA's site review methodology should be modified to better ensure payees are using benefits only for the benefit of the beneficiaries.

Report	Date Issued	Results of Review
Analysis of Multiple, Unrelated Title II Payments to the Same Bank Account (A-15-01-11033)	March 2003	Some nursing homes were acting as de facto payees for beneficiaries without SSA oversight.
Screening Representative Payees for Fugitive Warrants (A-01-02-12032)	March 2003	Based on our analysis, we estimated that about 3,145 fugitives served as payees and managed about \$81.2 million in benefits.
Financial-Related Audit of the Harris County Guardianship Program – An Organizational Representative Payee for SSA (A-04-02-12020)	December 2002	This payee did not ensure the benefits were used and accounted for in accordance with SSA's policies and procedures.

# Scope, Sampling Methodology and Results

To accomplish our objective, we:

- Reviewed applicable sections of the Social Security Act and the Social Security Administration's (SSA) regulations, rules, policies and procedures.
- Obtained data files of SSA's Death Master File (DMF) showing deceased individuals as of September 2005.
- Obtained Master Beneficiary Records (MBR) for all Old-Age, Survivors and Disability Insurance (OASDI) beneficiaries and Supplemental Security Records (SSR) for all Supplemental Security Income (SSI) recipients who received benefits in June 2005.
- Obtained an extract from SSA's Master Representative Payee File (MRPF) showing all active representative payees as of January 2006.
- Compared the Social Security numbers (SSN) on the MBR and SSR against SSNs in the DMF to identify potentially deceased representative payees.
- Randomly sampled and reviewed:
  - ✓ 100 cases from the 2,700 OASDI beneficiaries with representative payees who were deceased per the DMF.
  - ✓ 100 cases from the 1,116 SSI recipients with representative payees who were deceased per the DMF.
  - ✓ 200 cases from 105,240 SSI recipients with representative payees on the SSR who appeared not to be included in the MRPF.
- Tested the completeness of the MBR representative payee data in the MRPF by randomly sampling and reviewing 25 cases from the 359,612 OASDI beneficiaries with representative payees on the MBR who appeared not to be included in the MRPF. For these cases, we found that the MBR payee data only differed with MRPF due to timing differences between the dates our files were extracted.
- Referred cases where it appeared that deceased representative payees were still receiving benefits to SSA to: (a) take appropriate action to replace any deceased payees; (b) refer any instances of possible fraud to our Office of Investigations; and (c) ensure that the beneficiaries' needs were being met even though their payees were deceased.
- Quantified the amount of benefits paid to deceased representative payees after their dates of death.
- Estimated the number of deceased OASDI and SSI representative payees and the amount of benefits SSA paid them based on our sample results. We also estimated the number of SSI recipients with representative payees who were not included in the MRPF and the amount of benefits SSA paid them annually.

We conducted our audit between May and October 2006 in Boston, Massachusetts. We found the data used for this audit were sufficiently reliable to meet our audit objective. The entities audited were the Office of Retirement and Survivors Insurance Systems and the Office of Disability and Supplemental Security Income Systems, both under the Deputy Commissioner of Systems, and SSA's Field Offices and Program Service Centers under the Deputy Commissioner for Operations. We conducted our audit in accordance with generally accepted government auditing standards.

## SAMPLE RESULTS AND PROJECTIONS

<b>Table 1: Sample Results and Attribute Projections MBR Match with DMF</b>	
Population size	2,700
Sample size	100
<b>Estimated Deceased Payees Receiving OASDI Benefits</b>	
Sample results	75
Point estimate	2,025
Projection lower limit	1,810
Projection upper limit	2,210
<b>Estimated Incorrect Payee SSNs on the MBR</b>	
Sample results	6
Point estimate	162
Projection lower limit	73
Projection upper limit	307
<b>Estimated Erroneous Payee Death Information on the DMF</b>	
Sample results	5
Point estimate	135
Projection lower limit	55
Projection upper limit	273

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

<b>Table 2: Sample Results and Dollar Projections MBR Match with DMF</b>	
Population size	2,700
Sample size	100
<b>Estimated OASDI Benefits Paid to Deceased Payees</b>	
Sample results	\$773,170
Point estimate	\$20,875,601
Projection lower limit	\$16,858,200
Projection upper limit	\$24,893,001

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

<b>Table 3: Sample Results and Attribute Projections SSR Match with DMF</b>	
Population size	1,116
Sample size	100
<b>Estimated Deceased Payees Who Received SSI Benefits</b>	
Sample results	75
Point estimate	837
Projection lower limit	751
Projection upper limit	911
<b>Estimated Erroneous Payee Death Information on the DMF</b>	
Sample results	12
Point estimate	134
Projection lower limit	81
Projection upper limit	205

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

<b>Table 4: Sample Results and Dollar Projections SSR Match with DMF</b>	
Population size	1,116
Sample size	100
<b>Estimated SSI Benefits Paid to Deceased Payees</b>	
Sample results	\$414,791
Point estimate	\$4,629,066
Projection lower limit	\$3,768,952
Projection upper limit	\$5,489,180

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

<b>Table 5: Sample Results and Attribute Projections MRPF Completeness</b>	
Population size	105,240
Sample size	200
<b>Estimated SSI Recipients with Payees Not in the MRPF</b>	
Sample results	6
Point estimate	3,157
Projection lower limit	1,385
Projection upper limit	6,137
<b>Estimated Incorrect Payee SSNs on the SSR</b>	
Sample results	6
Point estimate	3,157
Projection lower limit	1,385
Projection upper limit	6,137

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

<b>Table 6: Sample Results and Dollar Projections MRPF Completeness</b>	
Population size	105,240
Sample size	200
<b>Estimated Annual SSI Payments to Payees Not in the MRPF</b>	
Sample results - June 2006 SSI payments	\$3,746
Sample results – June 2006 SSI payments multiplied by 12 months	\$44,952
Point estimate	\$23,653,742
Projection lower limit	\$7,652,978
Projection upper limit	\$39,654,507

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

## Agency Comments



## SOCIAL SECURITY

### MEMORANDUM

Date: October 18, 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, "Follow up on the Social Security Administration's Procedures to Identify Representative Payees Who Are Deceased" (A-01-06-16054)--INFORMATION

We appreciate OIG's efforts in conducting this review. Our comments on the draft report content and recommendations are attached.

Please let me know if we can be of further assistance. Staff inquiries may be directed to Ms. Candace Skurnik, Director, Audit Management and Liaison Staff, at extension 54636.

Attachment:  
SSA Response



**COMMENTS ON THE OFFICE OF THE INSPECTOR GENERAL (OIG) DRAFT REPORT, "FOLLOW UP ON THE SOCIAL SECURITY ADMINISTRATION'S PROCEDURES TO IDENTIFY REPRESENTATIVE PAYEES WHO ARE DECEASED" (A-01-06-16054)**

Thank you for the opportunity to review and comment on the draft report. We appreciate your conducting this follow up audit of the Social Security Administration's (SSA) procedures to identify representative payees (Rep Payees) who are deceased. The report acknowledges that we have taken efforts to identify and replace Rep Payees when they die and that the Agency has plans for a systems upgrade in 2007. However, the report concludes that our current procedures and processes still do not ensure that new payees are selected timely when existing payees die. Although we indicated that the needs of most of the beneficiaries and recipients sampled were met while their benefits were being paid to deceased payees, the report concluded that benefits for the remaining beneficiaries and recipients in the population could be at risk for being misused and/or a de facto payee may not be adhering to SSA guidelines for being a payee.

**Recommendation 1**

SSA should ensure the needs of the remaining beneficiaries and recipients in OIG's population are being met and that all deceased payees are replaced with new payees.

**Comment**

We agree. It is vital to establish a new payee as quickly as possible upon the current payee's death. This is essential to ensure that the beneficiary's needs are met. To meet this recommendation, we are forwarding the list of remaining beneficiaries to the appropriate regional offices so that staff can review each case and take the necessary action.

**Recommendation 2**

SSA should continue its efforts to upgrade systems to ensure deceased payees are identified and replaced in a timely manner.

**Comment**

We agree. We are currently working on the Death Alert Control and Update System (DACUS) Release 2.0, which will route Electronic Death Record Reports to Title II (T2) and Title XVI (T16) systems. This release is scheduled for implementation on March 30, 2007.

In March 2004, software was released that enabled DACUS to send termination records for deceased individuals to the T2 and T16 systems. With this upcoming DACUS enhancement, suspension records will be sent to the T2 and T16 systems for the beneficiaries/recipients for whom the payee had served if the deceased is a Rep Payee.

The T2 and T16 systems will then send alerts to the appropriate field office to contact the beneficiary/recipient to select a new rep payee.

[In addition to the items listed above, SSA also provided technical comments which have been addressed, where appropriate, in this report.]

## **OIG Contacts and Staff Acknowledgments**

### ***OIG Contacts***

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

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

### ***Acknowledgments***

In addition to those named above:

Phillip Hanvy, Senior Program Analyst

Kevin Joyce, IT Specialist

For additional copies of this report, please visit our web site at [www.socialsecurity.gov/oig](http://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-01-06-16054.

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# **Overview of the Office of the Inspector General**

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.