

*Audit Report*

Payments to Individuals Whose  
Numident Record Contained a  
Death Entry

**OIG** Office of the Inspector General  
SOCIAL SECURITY ADMINISTRATION

**MEMORANDUM**

**Date:** June 21, 2013

**Refer To:**

**To:** The Commissioner

**From:** Inspector General

**Subject:** Payments to Individuals Whose Numident Record Contained a Death Entry (A-06-12-11291)

The attached final report presents the results of our audit. Our objective was to determine the appropriateness of benefits paid to individuals whose Numident record contained a date of death.

If you wish to discuss the final report, please call me or have your staff contact Steven L. Schaeffer, Assistant Inspector General for Audit, at (410) 965-9700.



Patrick P. O'Carroll, Jr.

Attachment

# Payments to Individuals Whose Numident Record Contained a Death Entry

## A-06-12-11291



June 2013

Office of Audit Report Summary

### Objective

To determine the appropriateness of benefits paid to individuals whose Numident record contained a date of death.

### Background

The Social Security Administration (SSA) matches States' death records against SSA payment records to identify and prevent erroneous payments after death. In addition, SSA matches death records from other Federal, State, and local public assistance agencies.

SSA uses its Death Alert, Control, and Update System to receive and process death information, terminate payments when a beneficiary dies, and produce a national record of death information, known as the Death Master File. During Calendar Year 2011, SSA terminated benefit payments to more than 2.1 million deceased individuals.

In May 2012, we identified 2,475 numberholders who received about \$2.4 million in monthly Old-Age, Survivors and Disability Insurance benefits and/or Supplemental Security Income payments although the Numident indicated they had died in January 2012 or earlier. Our review focused on the appropriateness of continued payments to these individuals.

### Our Findings

SSA paid 2,475 beneficiaries for months or even years after it received notification they were deceased. SSA received death reports for these beneficiaries and recorded dates of death on the Numident. However, SSA did not record the death information on the beneficiary's payment record or terminate benefit payments.

Prior audit work has indicated a likelihood that some death entries on the Numident were erroneous, and beneficiaries were actually alive. However, we determined that 1,546 of the 2,475 beneficiaries had death certificate information on the Numident. Prior audit work has also shown that death certificate information on the Numident was a reliable indicator that the individual was deceased. System interfaces designed to prevent or detect payments to deceased beneficiaries failed in these instances.

SSA improperly paid the 1,546 beneficiaries approximately \$31 million. Further, SSA will make approximately \$15 million in additional improper payments over the next 12 months if the discrepancies are not corrected.

### Our Recommendations

We recommend that SSA:

- Verify the beneficiaries' current status and take appropriate action to remove erroneous death entries or terminate benefits.
- Evaluate the feasibility of a systems enhancement that would ensure death entries appearing on beneficiaries' primary payment records are propagated onto their auxiliary payment records.
- Implement a compensating control, until an effective systems enhancement is implemented, to periodically identify and review instances where individuals with a death entry on the Numident continue to receive payments.

SSA agreed with our recommendations.

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## ABBREVIATIONS

DACUS	Death Alert, Control, and Update System
DMF	Death Master File
EDR	Electronic Death Registration
OASDI	Old-Age, Survivors and Disability Insurance
OIG	Office of the Inspector General
PII	Personally Identifiable Information
SSA	Social Security Administration
SSI	Supplemental Security Income
SSN	Social Security Number

## OBJECTIVE

Our objective was to determine the appropriateness of benefits paid to individuals whose Numident record contained a date of death.

## BACKGROUND

The Old-Age, Survivors and Disability Insurance (OASDI) program provides benefits to insured individuals who have reached the minimum retirement age, dependents of insured wage earners in the event the family wage earner dies, and disabled wage earners and their families. The Supplemental Security Income (SSI) program provides payments to qualified individuals who are 65 or older, blind, or disabled.

Section 205(r) of the *Social Security Act* effectively requires that the Social Security Administration (SSA) match States' death records against SSA payment records 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. DACUS also processes death reports from internal sources (for example, the MBR). SSA records the death information processed by DACUS on the Numident, an electronic file that contains personally identifiable information (PII) for each individual issued a Social Security number (SSN). SSA uses certain death information from the Numident to create a record of death information, known as the Death Master File (DMF). However, prior audit work has indicated that, in some cases, SSA erroneously continued paying benefits after receiving notification of a beneficiary's death.<sup>1</sup>

We identified 2,475 beneficiaries<sup>2</sup> who received about \$2.4 million in OASDI benefits and/or SSI payments in May 2012 although the Numident indicated they died in January 2012 or earlier. Our review focused on the appropriateness of continued payments to these individuals. See Appendix A for additional information on our scope and methodology.

## RESULTS OF REVIEW

SSA issued payments to 2,475 beneficiaries for months and, in some cases, years after it received notification they were deceased. SSA received death reports for these individuals and recorded dates of death on the Numident. However, SSA did not record the death information on the beneficiaries' payment records or terminate their payments. This occurred because various

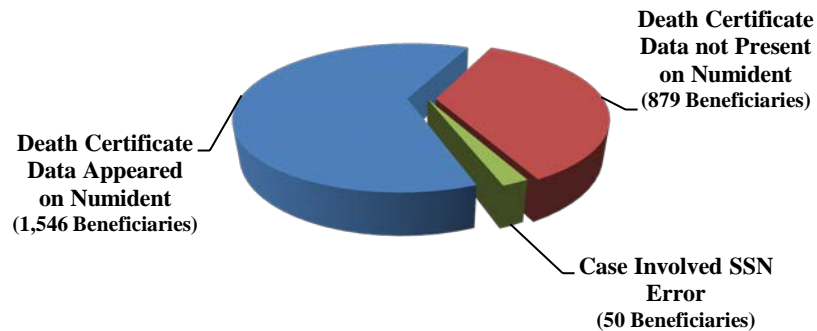
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<sup>1</sup> SSA, OIG, *Payments to Individuals Whose Numident Record Contains a Death Entry* (A-06-08-18095), June 2009.

<sup>2</sup> This includes 2,172 OASDI beneficiaries, 271 SSI recipients, and 32 individuals receiving both OASDI and SSI payments concurrently.

system controls designed to prevent or detect continued payments to deceased beneficiaries were not effective in this small number of instances.<sup>3</sup>

**Figure 1: Individuals Receiving SSA Payments Although Numident Contained a Death Entry**



In 1,546 cases, the Numident death entry included the numberholder’s death certificate information. Prior audit work indicated the presence of death certificate data on the Numident is a reliable indicator that the numberholder is deceased.<sup>4</sup> We estimate that SSA improperly paid the 1,546 beneficiaries approximately \$31 million. Further, we estimate that SSA will make approximately \$15 million in additional improper payments over the next 12 months if it does not correct the discrepancies.<sup>5</sup> We discuss our estimates in Appendix B.

In 879 cases, the Numident contained a date of death but did not include death certificate information. Prior audit work has indicated that many of the 879 beneficiaries may actually be alive, and that death entries recorded on the Numident may be erroneous. Action is required in these cases to terminate improper payments or remove the erroneous death entries from the Numident.

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<sup>3</sup> Per Table 6.F2 in SSA’s *Annual Statistical Supplement to the Social Security Bulletin, 2012*, (released February 2013), during Calendar Year 2011, SSA terminated more than 2.1 million payment records due to the beneficiary’s death. The 2,475 payment records discussed in this report represent only about one-tenth of 1 percent of the number of payment records that SSA terminates every year upon the death of the beneficiary.

<sup>4</sup> SSA, OIG, *Payments to Individuals Whose Numident Record Contains a Death Entry* (A-06-08-18095), June 2009.

<sup>5</sup> As of February 2013, 370 of the 1,546 beneficiaries were no longer in current payment status. Between May 2012 and February 2013, SSA terminated payments to 288 beneficiaries due to death, suspended payments to 75 beneficiaries, moved 3 beneficiaries into non-pay status, and removed 4 beneficiaries’ death entries from the Numident. We did not include payments to the 4 beneficiaries whose death entries were removed in our computation of improper payments through May 2012 and did not include payments to any of the 370 beneficiaries when calculating improper payments over the next 12 months.

In the remaining 50 cases, it appeared the beneficiaries' payment records erroneously reflected a deceased numberholder's SSN. SSA will need to review each case to determine whether each beneficiary is actually alive and whether the errors caused overpayments.

## Death Certificate Information Present on the Numident

Numident death entries for 1,546 beneficiaries included not only a date of death but also death certificate information. SSA continued issuing benefit payments to these beneficiaries for 2 to 237 months after recording the beneficiaries' dates of death and death certificate information on the Numident.

**Table 1: Average and Median Months and Amounts Paid After SSA Recorded Beneficiaries' Date of Death and Death Certificate Information on the Numident.**

	Number of Months	Amounts Paid
<b>Average:</b>	20	\$20,023
<b>Median:</b>	17	\$15,720

- A beneficiary died in April 2000. In February 2001, SSA recorded the beneficiary's date of death and New York death certificate number on the Numident. However, SSA did not record the death entry on the beneficiary's payment record and continued issuing monthly benefit payments. From March 2001 through May 2012, SSA issued the beneficiary 135 payments, totaling approximately \$158,000.<sup>6</sup>
- A beneficiary died and SSA recorded the date of death and New York City death certificate number on the Numident, in March 2007. However, SSA did not record the death entry on the beneficiary's payment record and continued issuing monthly benefit payments. From April 2007 through May 2012, SSA issued the beneficiary 62 payments, totaling approximately \$113,000, and was still issuing the beneficiary \$1,949 in monthly payments as of February 2013.
- A beneficiary died in December 2009. In January 2010, SSA recorded the beneficiary's date of death and Texas death certificate number on the Numident. However, SSA did not record the death entry on the beneficiary's payment record and continued issuing monthly benefit payments. From January 2010 through May 2012, SSA issued the beneficiary 28 payments, totaling approximately \$82,000, and had continued issuing the beneficiary \$3,081 in monthly payments as of February 2013.

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<sup>6</sup> In August 2012, SSA terminated these benefit payments and referred the case to our Office of Investigations. An investigation revealed a family member had access to the deceased beneficiary's bank account and converted \$160,101 in benefit payments for his own use.



SSA issued the beneficiaries approximately \$31 million in improper payments through May 2012, and we estimate SSA will make approximately \$15 million in additional improper payments over the next 12 months if it does not correct these discrepancies.

## **Date of Death but No Death Certificate Information on the Numident**

Numident death entries for 879 beneficiaries identified a date of death but did not provide death certificate information. SSA personnel input most of these death entries based on reports received from a variety of sources.<sup>7</sup> We did not confirm whether any of the 879 beneficiaries were actually deceased. However, we reviewed SSA records and performed public record searches for 30 randomly selected beneficiaries and identified post-death activity indicating that at least 10 of the individuals were alive.<sup>8</sup>

If the beneficiaries were deceased, any payments issued after SSA received notification of their deaths were improper. If the beneficiaries were alive, the addition of the erroneous death entry could lead to benefit termination, cause severe financial hardship, and result in the public release of their PII in the DMF.<sup>9</sup>

## **SSN Transposition Errors**

Numident death entries for 50 beneficiaries in current payment status indicated the beneficiaries were deceased. However, in all 50 cases, it appeared the SSN on the beneficiary's payment record was not the beneficiary's. All 50 cases require action to determine whether continued benefit payments were appropriate and make necessary corrections to payment and/or Numident records.

## **Controls Designed to Prevent Payment Errors Were Not Always Effective**

SSA received verified Electronic Death Registration (EDR) reports<sup>10</sup> for 1,007 of the 2,475 beneficiaries. SSA should terminate benefit payments upon receipt of a verified EDR report. However, it did not terminate these payments. In another 956 cases, SSA personnel received the death reports and input the death entries on the Numident. SSA employees should have determined whether the deceased individuals received benefit payments and taken action to

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<sup>7</sup> Death report sources could include family members or funeral homes.

<sup>8</sup> Between May 2012 and February 2013, SSA removed three individuals' death entries from the Numident. Public record searches indicated that seven additional individuals registered vehicles, connected utilities, purchased property, renewed a State identification card, or obtained a sports license after the date of death recorded on the Numident.

<sup>9</sup> SSA, OIG, *Personally Identifiable Information Made Available to the General Public Via the Death Master File* (A-06-08-18042), June 2008.

<sup>10</sup> States use EDR to submit death information to SSA.

terminate the payments. However, SSA staff recorded the death entries on the Numident but did not terminate the benefit payments.

In all 2,475 cases, once the death reports were processed, DACUS should have generated alerts to notify the appropriate field office to take action and resolve the discrepancies. Field office staff are required to give prompt attention to all DACUS alerts to minimize or prevent improper payments and instructed to take appropriate action to clear alerts within 30 days.<sup>11</sup> However, SSA Office of Systems staff informed us that DACUS issued alerts in only about 20 percent of cases reviewed.<sup>12</sup>

We also determined that 1,802 of the 2,475 cases involved auxiliary beneficiaries who received benefit payments based on someone else's earnings record. SSA payment records indicated that in 1,061 of 1,802 cases, SSA systems recorded a death entry on the beneficiaries' primary payment records; but payments continued because SSA systems did not propagate the death entries onto the auxiliary payment records. SSA was aware of a systems issue that prevented Numident death entries from properly interfacing with auxiliary payment records but could not explain why the various controls designed to prevent or detect payments to deceased beneficiaries failed in other instances.

In addition, we found that SSA did not correct all discrepancies identified during our prior audit<sup>13</sup> or implement compensating controls to periodically identify and resolve these inconsistencies.

## CONCLUSIONS

SSA continued issuing payments to 2,475 beneficiaries after it received notification they were deceased and recorded their dates of death on the Numident. We estimate that at least 1,546 of the 2,475 beneficiaries were actually deceased, and SSA paid approximately \$31 million in questionable benefits to these deceased beneficiaries. In addition, SSA will issue approximately \$15 million in additional improper payments over the next 12 months if these discrepancies are not corrected. SSA should have taken action on all 2,475 of these cases by either stopping payments if the beneficiary was deceased or correcting the Numident if the date of death was incorrect. For the deceased beneficiaries, SSA needs to recover the overpaid benefits either through reclaiming the funds in the deceased beneficiary's bank account or by pursuing recovery

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<sup>11</sup> SSA, POMS, GN 02602.065C.2 (September 26, 2012).

<sup>12</sup> We provided the Office of Systems with a data file identifying all 2,475 records in our audit population. SSA staff reviewed all cases where SSA recorded the beneficiary's date of death on the Numident during Calendar Year 2012 and determined that DACUS generated alerts in only 33 of 151 instances.

<sup>13</sup> As part of our audit *Payments to Individuals Whose Numident Record Contains a Death Entry* (A-06-08-18095), in March 2009, we provided SSA Operations with a data file identifying 6,733 beneficiaries in current payment status whose Numident record contained a date of death and recommended SSA take corrective action. The data file included 91 beneficiaries in our current audit population. It appeared SSA did not correct these 91 records and the beneficiaries remained in current payment status, at least through May 2012.

if the funds were fraudulently used by someone with access to the deceased beneficiary's bank account.

## RECOMMENDATIONS

On April 15, 2013, we provided SSA's Office of Operations with data identifying the numberholders whose Numident record contained a date of death but whose payment record had not been terminated due to death. We recommend that SSA:

1. Verify the beneficiaries' current status and take appropriate action to remove erroneous death entries or terminate benefits. If applicable, SSA should also recover improper payments and refer potential instances of fraud to our Office of Investigations.
2. Evaluate the feasibility of a systems enhancement that would ensure death entries appearing on beneficiaries' primary payment records are propagated onto their auxiliary payment records.
3. Implement a compensating control, until an effective systems enhancement is implemented, to periodically identify and review instances where individuals with a death entry on the Numident continue to receive payments.

## AGENCY COMMENTS

SSA agreed with our recommendations. SSA stated that it has started implementing systems enhancements to address the problems identified in this report. See Appendix C for the full text of the Agency's comments.

# *APPENDICES*

## Appendix A – SCOPE AND METHODOLOGY

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To accomplish our objective, we:

- Reviewed the Social Security Administration’s (SSA) policies and procedures related to death reports and erroneous deaths.
- Reviewed Federal law and regulations relating to death matches with State agencies.
- Identified 2,475 Old-Age, Survivors and Disability Insurance (OASDI) beneficiaries and/or Supplemental Security Income (SSI) recipients in current payment status as of May 2012 while the Numident reflected a date of death of January 31, 2012 or earlier.
- Reviewed the Master Beneficiary Record, Supplemental Security Record, and Numident for the 2,475 identified records in May 2012.
- Identified the monthly benefit payments.
- Identified the source of the death report.
- Identified 1,546 beneficiaries/recipients in current pay status whose Numident death entry included death certificate information.
  - Reviewed the current payment records in January 2013 and determined whether SSA had taken subsequent action to confirm their living status.
  - Quantified improper benefits paid to the individuals through May 2012 and funds at risk for this group if the payment errors are not timely corrected.

We conducted our audit between June 2012 and February 2013 at SSA’s Regional Office in Dallas, Texas. We determined the data used for this audit were sufficiently reliable to meet our audit objective. The primary entity audited was the Office of the Deputy Commissioner for Operations. We conducted this performance 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 tested the data obtained for our audit and determined it was sufficiently reliable to meet our objective. We believe the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

## Appendix B – COMPUTATION OF QUESTIONED COSTS AND FUNDS PUT TO BETTER USE

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We identified 2,475 beneficiaries receiving payments from the Social Security Administration (SSA) in May 2012 despite having a date of death of January 2012 or earlier recorded on the Numident. In 1,546 of 2,475 cases, the Numident death entry included the numberholders' death certificate information. Prior audit work indicated the presence of death certificate data on the Numident is a reliable indicator that the numberholder is deceased.<sup>1</sup>

As of February 2013, some 1,176 of the 1,546 beneficiaries remained in current payment status.<sup>2</sup> Our computation of questioned costs did not include payments to the 4 beneficiaries whose death entries were removed (Table B-1), and our computation of funds put to better use did not include payments to any of the 370 beneficiaries no longer in current payment status as of February 2013 (Table B-2).

**Table B-1: Questioned Costs – SSA Paid 1,542 Individuals Approximately \$31 Million Through May 2012, After Recording Their Dates of Death on the Numident**

Calendar Year	Payments Issued
2008 or earlier	\$604,018
2009	\$2,116,694
2010	\$6,983,602
2011	\$13,150,144
2012 (through May)	\$8,102,237
<b>Total</b>	<b>\$30,956,695</b>

**Table B-2: Funds Put to Better Use - SSA Will Issue 1,176 Individuals Approximately \$15 Million in Payments over the Next 12 Months if Discrepancies are Not Corrected.**

Total SSA Payments in May 2012	Estimated Amounts Paid over the Next 12 Months
\$1,248,821	\$14,985,852

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<sup>1</sup> Prior audit work indicated that SSA may have recorded erroneous death entries on the Numident for many of the 929 remaining beneficiaries and that these individuals may actually be alive. As a result, we excluded payments to these beneficiaries when computing questioned costs and funds put to better use.

<sup>2</sup> Between May 2012 and February 2013, SSA terminated payments to 288 beneficiaries due to death, suspended payments to 75 beneficiaries, moved 3 beneficiaries into non-pay status, and removed 4 beneficiaries' death entries from the Numident.

## Appendix C – AGENCY COMMENTS

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## SOCIAL SECURITY

### MEMORANDUM

**Date:** June 11, 2013 **Refer To:** S1J-3

**To:** Patrick P. O’Carroll, Jr.  
Inspector General

**From:** Katherine Thornton /s/  
Deputy Chief of Staff

**Subject:** Office of the Inspector General Draft Report, “Payments to Individuals Whose Numident Record Contained a Death Entry” (A-06-12-11291)--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 Gary S. Hatcher at (410) 965-0680.

Attachment

**COMMENTS ON THE OFFICE OF THE INSPECTOR GENERAL DRAFT REPORT,  
"PAYMENTS TO INDIVIDUALS WHOSE NUMIDENT RECORDS CONTAINED A  
DEATH ENTRY" (A-06-12-11291)**

**Recommendation 1**

Verify the beneficiaries' current status and take appropriate action to remove erroneous death entries or terminate benefits. If applicable, SSA should also recover improper payments and refer potential instances of fraud to our Office of Investigations.

**Response**

We agree. We implemented a systems enhancement to, on a monthly basis, identify individuals who:

- are in current pay status on the Master Beneficiary Record (MBR) and Supplemental Security Record (SSR),
- do not have a death indicator on their payment records, and
- do have a death entry on the Numident.

The records identified in this process will be sent to the Death Alert Tracking System (DATS) for distribution to our field offices. We will investigate the alerts and attempt to reconcile the data on the master files and add verified death data to the MBR and SSR. Where appropriate, we will correct or remove incorrect Numident death entries and process termination actions. We will also recover improper payments identified and refer potential instances of fraud to OIG's Office of Investigations.

On May 25, 2013, we initiated the first monthly systems run of this process, and the necessary reconciliation and correction actions will begin in June.

**Recommendation 2**

Evaluate the feasibility of a systems enhancement that would ensure death entries appearing on beneficiaries' primary payment records are propagated onto their auxiliary payment records.

**Response**

We agree. We are making improvements to our death entry process. When we input a death entry to the primary/number holder's payment record, the Title II system updates the date of death on the MBR for auxiliary records for that beneficiary. If we input a death entry on the auxiliary record, the Title II system updates the date of death on the primary MBR. Provided there is proper dual entitlement data on the record, the primary and auxiliary records both update for that beneficiary.



### **Recommendation 3**

Implement a compensating control, until an effective systems enhancement is implemented, to periodically identify and review instances where individuals with a death entry on the Numident continue to receive payments.

### **Response**

We agree. In our response to Recommendation 1, we discussed our systems enhancement.

For the longer term, to prevent future mismatches among the MBR, SSR, and Numident, we are also redesigning our death processes. In fiscal years 2014 and 2015, we expect to release improvements that will significantly enhance the quality and improve the processing of the death data received electronically. The goals of this project are to:

- improve accuracy and reduce improper payments,
- reduce the erroneous release of Personally Identifiable Information,
- ensure the consistency of death data across the agency's Master Files (MBR, SSR, and Numident), and
- provide new user interfaces for reporting purposes.

## Appendix D – MAJOR CONTRIBUTORS

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