
**OFFICE OF
THE INSPECTOR GENERAL**

SOCIAL SECURITY ADMINISTRATION

**MATCH OF VETERANS AFFAIRS'
HISTORICAL DEATH FILE AGAINST
THE SOCIAL SECURITY
ADMINISTRATION'S BENEFIT ROLLS**

June 2006

A-01-05-35086

AUDIT REPORT



Mission

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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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.**
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- Prevent and detect fraud, waste, and abuse in agency programs and operations.**
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By conducting independent and objective audits, investigations, and evaluations, we are agents of positive change striving for continuous improvement in the Social Security Administration's programs, operations, and management and in our own office.



SOCIAL SECURITY

MEMORANDUM

Date: June 14, 2006

Refer To:

To: The Commissioner

From: Inspector General

Subject: Match of Veterans Affairs' Historical Death File against the Social Security Administration's Benefit Rolls (A-01-05-35086)

OBJECTIVE

Our objective was to determine whether individuals recorded as deceased on the Department of Veterans Affairs' (VA) historical death file continued to receive Old-Age, Survivors and Disability Insurance (OASDI) benefits and/or Supplemental Security Income (SSI) payments.

BACKGROUND

The Social Security Administration (SSA) administers the OASDI and SSI programs under Title II and Title XVI of the Social Security Act, respectively. The OASDI program provides benefits to retired and disabled workers, including their dependents and survivors. The SSI program provides payments to financially needy individuals who are aged, blind or disabled. In Fiscal Year 2005, SSA paid approximately \$522.1 billion in OASDI benefits to about 48.2 million beneficiaries—and approximately \$36.2 billion in SSI payments to about 7.1 million recipients.¹

Under both the OASDI and SSI programs, benefit payments to a beneficiary should terminate once the individual dies.² The Agency receives death information from a variety of sources, such as friends and relatives of deceased individuals, funeral homes,

¹ SSA, *Performance and Accountability Report*, Fiscal Year 2005, pages 8 and 117. The 7.1 million individuals receiving SSI payments include 2.5 million individuals receiving both SSI payments and OASDI benefits.

² 20 C.F.R. §§ 404.311, 404.316, 404.332, 404.337, 404.341, 404.352, 404.371, and 416.1334.

financial institutions, and Federal and State agencies, including VA.³ (For information about SSA's death matching and alert process, see Appendix B.)

SSA routinely receives death information from VA. In our February 2002 audit report, we found SSA had not been processing VA death information due to formatting issues associated with the files received from VA.⁴ In March 2005, the Agency resumed its match of VA death information against the OASDI and SSI benefit rolls.⁵

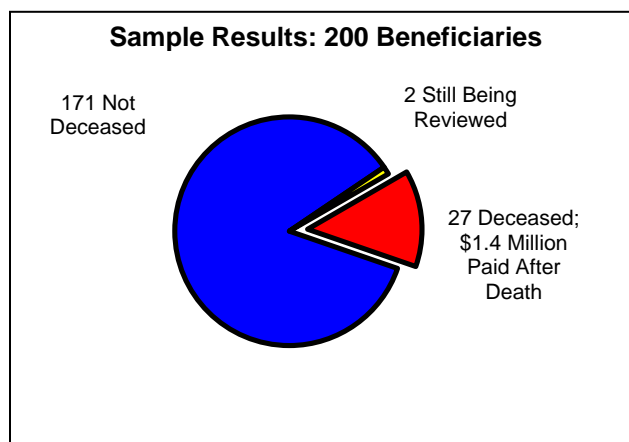
To gain assurance that all deaths reported to VA were matched against SSA's benefit rolls, we obtained a historical death file from VA as of May 2004. Through data analysis, we identified 1,691 individuals who were recorded as deceased per VA, but who appeared to continue to be paid OASDI benefits and/or SSI payments. We randomly sampled 200 of the 1,691 records for detailed analysis. (For more information on our scope, methodology and sample results, see Appendix C.)

RESULTS OF REVIEW

Based on our review, we estimate SSA paid approximately \$11.7 million in benefits after the deaths of about 228 beneficiaries. Although the Agency discovered some of the improper payments prior to our audit, we estimate about \$11.2 million went undetected. Further, we estimate SSA will continue to incorrectly pay about \$1.9 million over the next 12 months if the deceased beneficiaries in the population are not identified and their benefits stopped.

Of the 200 cases we sampled:

- 27 beneficiaries (14 percent) were deceased and about \$1.4 million was paid after their deaths;
- 171 beneficiaries (85 percent) were not deceased; and
- 2 beneficiaries (1 percent) were still being reviewed by the Agency as of May 2006.



³ SSA is currently participating in Electronic Death Registration—a State initiative that SSA supports with partial funding. Through this initiative, the Agency can receive verified death data from the States within 5 days of the date of death and within 24 hours of the record's receipt in the State repository.

⁴ SSA Office of the Inspector General, *Controls Over the Social Security Administration's Processing of Death Records from the Department of Veterans Affairs* (A-01-01-21038), February 2002.

⁵ SSA, Emergency Message EM-05010 SEN (February 2005) and Administrative Message AM-05041 (March 2005).

BENEFITS PAID AFTER DEATH

In total, 27 beneficiaries in our sample died prior to May 2004. Although the Agency detected the deaths of 2 beneficiaries prior to our audit, SSA was not aware the remaining 25 beneficiaries were deceased.⁶ As a result, about \$1.3 million in benefit payments was incorrectly issued after the beneficiaries died. On average, SSA continued benefits for 86 months (or about 7 years) after the beneficiary's death. As of May 2006, SSA recovered \$113,809 (approximately 9 percent) of the \$1.3 million that was paid after death.

In one example, SSA continued to deposit benefits to the bank account of a beneficiary who, according to VA, died in February 2002. At our request, SSA staff reviewed the case and found that the beneficiary was, in fact, deceased. SSA determined that \$43,886 in benefits was incorrectly paid between February 2002 and January 2006. SSA staff referred the case to the Inspector General's Office of Investigations because fraud was suspected. Investigators found that the beneficiary's cousin used the funds that were paid after the beneficiary's death. The United States Attorneys Office accepted the case for criminal prosecution.⁷

SSA informed us that, in February 2005, VA provided the Agency with a file which contained all of the death records that had not been processed since 2002. However, we found that SSA continued to pay benefits to 25 individuals in our sample even though the file we received from VA to perform our audit indicated they all died prior to February 2005. We were unable to determine whether any of these individuals were included in the file SSA received from VA in February 2005 and, if so, whether the Agency previously matched the records to the benefit rolls and identified them for review through its death system because the data was not retained by the Agency.

The 25 beneficiaries whose deaths were not detected by SSA until our audit are shown in the following table, by year of death.

Year of Death	Beneficiaries
1990 to 1995	5
1996	3
1997	1
1998	3
1999	3
2000	2

⁶ Included in these 25 cases are 2 in which SSA stopped the payments because the beneficiaries did not respond to the Agency's contact attempts. Although at least three benefit payments were withheld from these beneficiaries, the Agency received no response from them as of May 2006—an indication they are likely deceased.

⁷ In May 2006, the Office of Investigations initiated a National investigative project to track the results of all cases from this audit that are referred by SSA's Field Office personnel because fraud was suspected.

Year of Death	Beneficiaries
2001	2
2002	2
2003	1
2004	3
Total	25

ACCURACY OF VA DEATH INFORMATION

In total, 171 individuals in our sample were not deceased as of May 2004. For 169 of these cases, we researched available data on SSA's systems and/or contacted appropriate Agency personnel and found that the deaths reported by VA were erroneous.⁸ For example, one beneficiary died in February 2000 according to VA. However, based on our review of information on SSA's systems, we determined that VA had incorrectly reported the spouse's death under the beneficiary's Social Security number.

The erroneous death information received from VA was not unique to the historical death file we used for our audit. In March 2005, when SSA resumed processing of death information received from VA, the Agency acknowledged the limitations with the data but indicated there was no way to readily identify the erroneous deaths. SSA instructed staff to work the alerts that resulted from the VA match as usual "...to reduce the amount of any potential overpayment or to stop potential fraud."⁹

CONCLUSION AND RECOMMENDATION

Although many of the records from VA contained erroneous death information, those that had correct dates of death resulted in significant undetected improper payments (an estimated \$11.7 million), and in some cases, involved possible fraud. Furthermore, we estimate that SSA will continue to incorrectly pay about \$1.9 million over the next 12 months if the deceased beneficiaries in the population are not identified and their benefits stopped. Therefore, we recommend SSA review the remaining 1,167 cases in our audit population in which it appears payments may have been issued after death.¹⁰

⁸ For the remaining 2 cases, the Social Security numbers recorded on SSA's benefit records were incorrect and the individuals reported as deceased per VA were not the same individuals receiving Social Security benefits. (The 169 includes 9 beneficiaries who died after May 2004.)

⁹ SSA, Administrative Message AM-05041 (March 2005).

¹⁰ The 1,167 records represent the remaining 1,491 cases in our population, less those in which: (1) SSA terminated benefits subsequent to our review, or (2) the deaths reported by VA appeared to be erroneous.

AGENCY COMMENTS

SSA agreed with our recommendation. (See Appendix D for SSA's Comments.)

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

Patrick P. O'Carroll, Jr.

Appendices

APPENDIX A – Acronyms

APPENDIX B – Resolving Death Alerts

APPENDIX C – Scope, Methodology and Sample Results

APPENDIX D – Agency Comments

APPENDIX E – OIG Contacts and Staff Acknowledgments

Acronyms

C.F.R.	Code of Federal Regulations
DACUS	Death Alert, Control and Update System
OASDI	Old-Age, Survivors and Disability Insurance
SSA	Social Security Administration
SSI	Supplemental Security Income
VA	Department of Veterans Affairs

Resolving Death Alerts

Under both the Old-Age, Survivors and Disability Insurance (OASDI) and Supplemental Security Income (SSI) programs, benefit payments to a beneficiary should terminate once the individual dies.¹ Using its Death Alert, Control and Update System (DACUS), the Social Security Administration (SSA) matches death information obtained from various sources against its payment records to identify and prevent incorrect payments issued after beneficiaries' deaths. For beneficiaries in which it appears benefits may have been issued after death, DACUS generates death alerts.

According to SSA, all death alerts should be resolved within 30 days.² When death alerts are first issued, SSA Field Office staff attempt to contact someone at the beneficiary's residence by telephone. If the telephone call is unsuccessful, a letter is sent to the beneficiary's home requesting that the individual come to their local SSA Field Office for an in-person interview to ensure the beneficiary is, in fact, alive.

- For an OASDI beneficiary, if no response is received within 20 days, the Agency suspends benefit payments pending its development of the death alert. If no response is received from the beneficiary within 60 days of suspending benefits, the individual's benefit record is terminated due to death.³
- For an SSI recipient, if no response is received within 30 days, SSA may suspend SSI payments for failure to provide information.⁴ If the recipient does not respond within an appropriate timeframe after payments are suspended, the individual's SSI payments may be terminated due to death.⁵

¹ 20 C.F.R. §§ 404.311, 404.316, 404.332, 404.337, 404.341, 404.352, 404.371, and 416.1334.

² SSA, Program Operations Manual System, GN 02602.065.

³ SSA, Program Operations Manual System, GN 02602.071.

⁴ SSA, Program Operations Manual System, SI 02301.235.

⁵ SSA, Death Alert Guide for Field Offices, November 2004.

Scope, Methodology and Sample Results

To accomplish our objective, we:

- Reviewed applicable sections of the Social Security Act, the Code of Federal Regulations, and the Social Security Administration's (SSA) Program Operations Manual System.
- Obtained from the Department of Veterans' Affairs (VA) a file containing 17,051,114 death records as of May 2004 and matched it against SSA's benefit rolls to identify those who were recorded as deceased per VA's file but appeared to be receiving Old-Age, Survivors and Disability Insurance (OASDI) benefits and/or Supplemental Security Income (SSI) payments.
 1. We excluded cases in which it appeared the deaths were erroneous (for example the beneficiaries received critical payments or had alleged dates of death prior to the beneficiaries' dates of entitlement).¹
 2. We identified 1,691 individuals recorded as deceased per VA's historical death file who appeared to be receiving OASDI benefits and/or SSI payments as of June 2005.²
 3. We selected a random sample of 200 individuals from the population we identified for analysis. We researched available data on SSA's systems and/or contacted appropriate Agency employees to determine whether the individuals recorded as deceased per the VA death file were, in fact, deceased OASDI beneficiaries or SSI recipients.

We conducted our review between October 2005 and March 2006 in Boston, Massachusetts. We determined that the data we obtained from SSA was sufficiently reliable to meet our audit objective. Although the information we obtained from VA contained some erroneous death information (as noted in the body of this report), the data was sufficiently reliable to meet our audit objective. The principal entities audited were SSA's Field Offices under the Deputy Commissioner for Operations and SSA's Office of Earnings, Enumeration, and Administrative Systems under the Deputy Commissioner for Systems. We conducted our audit in accordance with generally accepted government auditing standards.

¹ The Critical Payment System pays retroactive OASDI benefits in special situations where benefit payments are not made because of processing errors—such as erroneous death terminations.

² SSA was unable to confirm whether any of the 1,691 records we identified were previously matched by the Agency to the benefit rolls and identified for review through its death alert system because the data was not retained by the Agency.

SAMPLE RESULTS

Table 1: Population and Sample Size	
Population Size	1,691
Sample Size	200

Table 2: Benefit Payments Issued After Death – Not Identified Until Our Audit	Number of Beneficiaries	Dollars
Identified in Sample	25	\$1,320,836
Point Estimate	211	\$11,167,668
Projection Lower Limit	153	\$7,115,073
Projection Upper Limit	283	\$15,220,263

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

Table 3: Total Benefit Payments Issued After Death	Number of Beneficiaries	Dollars
Identified in Sample	27	\$1,388,979
Point Estimate	228	\$11,743,817
Projection Lower Limit	168	\$7,652,021
Projection Upper Limit	301	\$15,835,614

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

Table 4: Payments SSA Will Continue to Issue Over 12 Months Unless the Deaths are Identified and the Benefits are Stopped	Number of Beneficiaries	Dollars
Identified in Sample ³	25	\$229,680
Point Estimate	211	\$1,940,796
Projection Lower Limit	153	\$1,329,799
Projection Upper Limit	283	\$2,551,793

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

³ The \$229,680 represents the total of the last monthly benefits for the 25 beneficiaries (\$19,140) multiplied by 12 months.

Agency Comments



SOCIAL SECURITY

MEMORANDUM

Date: May 26, 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, "Match of Veterans Affairs' Historical Death File Against the Social Security Administration's Benefit Rolls" (A-01-05-35086)—
INFORMATION

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

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, "MATCH OF VETERANS AFFAIRS' HISTORICAL DEATH FILE AGAINST THE SOCIAL SECURITY ADMINISTRATION'S BENEFIT ROLLS" (A-01-05-35086)--INFORMATION

Thank you for the opportunity to review and comment on the draft report.

As stated in the draft report, the Department of Veteran's Affairs (VA) changed the format of the death alert file transmitted to the Social Security Administration (SSA) in 2002. This change prevented SSA from processing death alerts from their records until the VA sent SSA a reformatted file in February of 2005 containing all of the death records that had been held up since 2002. However, the report does not reflect SSA's efforts afterward.

The inaccuracy of VA death data has resulted in SSA electronically screening this information prior to establishing alerts. In particular, a notorious source of inaccuracy has been VA's mistaken use of a claims account number in place of the Social Security number. Accordingly, SSA screened the VA records to remove those that had already been identified as needing the above correction and sent the remaining records through the Death Alert Control Update System (DACUS) for processing on February 14, 2005, generating 2,343 DACUS alerts. When the initial alerts were received, the regions reported several cases where it appeared the beneficiaries were still alive, especially when the date of death reported was prior to 2004 (i.e., approximately 870 of the 2,343 individuals identified, or 37 percent, were still alive).

On February 17, 2005, we issued an emergency message (EM 05010-SEN) alerting components in Operations of the file from VA containing deaths that had not been processed by SSA since 2002. The EM instructed Operations to delay the development of the most error prone alerts (alerts with a date of death earlier than December 2004), to avoid possible unnecessary development and to prevent potential public relations problems, until further review of these cases could be done. The remaining alerts (with a date of death of December 2004 or later) were processed immediately.

On March 23, 2005, after discussing several different options for processing these potentially erroneous alerts with the Office of Income Security Programs (OISP), SSA issued Administrative Message (AM) 05041, advising Operations to start processing all VA DACUS alerts, regardless of the date of death. The AM also advised Operations to be alert to potential violations or fraud, per Program Operations Manual System (POMS) sections GN 04110.005 and AM-00194, while developing the alerts. Specifically, if it was determined that 6 or more payments had been issued or deposited into bank accounts after the date of death, the case must be referred to the OIG following the instructions in POMS GN 04111.005.

Recommendation

SSA should review the remaining 1,167 cases in the OIG audit population in which it appears payments may have been issued after death.

Comment

We agree with the recommendation. Of the original 1,491 cases identified, OIG determined after further review that 324 cases could be excluded leaving only 1,167 to be reviewed and processed. Listings of the remaining 1,167 cases have already been sent to the regions for review and processing. The regions have been advised to take the appropriate action including referral to the OIG if applicable. We will provide the results to the Inspectors upon completion of the review of the cases.

OIG Contacts and Staff Acknowledgments

OIG Contacts

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

Acknowledgments

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