
**OFFICE OF
THE INSPECTOR GENERAL**

SOCIAL SECURITY ADMINISTRATION

**CONTROLS OVER SURVIVOR'S
BENEFITS WHEN INDICATIONS
EXIST A WAGE EARNER IS ALIVE**

August 2007

A-06-06-16088

AUDIT REPORT



Mission

By conducting independent and objective audits, evaluations and investigations, we inspire public confidence in the integrity and security of SSA's programs and operations and protect them against fraud, waste and abuse. We provide timely, useful and reliable information and advice to Administration officials, Congress and the public.

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- 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.**
- Review and make recommendations regarding existing and proposed legislation and regulations relating to agency programs and operations.**
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- Independence to determine what reviews to perform.**
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SOCIAL SECURITY

MEMORANDUM

Date: August 8, 2007

Refer To:

To: The Commissioner

From: Inspector General

Subject: Controls over Survivor's Benefits When Indications Exist a Wage Earner Is Alive
(A-06-06-16088)

OBJECTIVE

Our objective was to determine the appropriateness of continued survivor's benefits when Social Security Administration (SSA) records contain evidence the wage earner is alive.

BACKGROUND

Title II of the Social Security Act provides for the payment of survivor benefits to certain family members of deceased workers who paid Social Security taxes. Eligible family members include widows, widowers (and divorced widows and widowers), children and dependent parents. Up to 10 years of work is needed to be eligible for benefits, depending on the person's age at the time of death. SSA must obtain sufficient proof of death prior to initiating survivor benefit payments. During Calendar Year 2006, SSA paid approximately \$93 billion in survivor benefits to over 6 million beneficiaries.

SSA obtains information from a variety of sources to verify initial benefit entitlement and continued benefit eligibility. In some instances, SSA receives post-entitlement information that contradicts the validity of death entries posted on a wage earner's record. Our review focused on three such sources of data available to SSA:

(1) prisoner information reported by correctional facilities through the Prisoner Update Processing System (PUPS); (2) reports of earned wages posted to either the Earnings Suspense File (ESF) or Master Earnings File (MEF); and (3) replacement Social Security number (SSN) card issuances recorded on SSA's Numerical Identification (Numident) record.

Additional Background information is provided at Appendix B. The Scope and Methodology of our review is provided at Appendix C.

RESULTS OF REVIEW

Information on post-entitlement activity reported to SSA raised questions about the validity of the death entries used as the basis for survivor benefit claims. SSA took no action to confirm the appropriateness of the survivor's payments after receiving reports the number holders (NH) [i.e., the allegedly deceased wage earners] were incarcerated, earned wages, or obtained replacement SSN cards after their alleged date of death. This occurred because SSA did not have a process to compare incarceration, wage payment and replacement card issuance activity against SSA records to identify potentially questionable survivor claims. We estimate SSA will pay approximately \$239 million, including past and future survivor benefit payments, on these records. See Summary of Survivor Benefits Payable at Appendix D.

CORRECTIONAL FACILITY REPORTS RAISED QUESTIONS ABOUT DEATH ENTRY VALIDITY

SSA matches prisoner information (name, SSN, date of birth, and gender) against its payment records to identify imprisoned beneficiaries and suspend their payments. When a match occurs, SSA systems add a warning onto the wage earner's Master Beneficiary Record (MBR). In addition to the warning annotated on the wage earner's MBR, SSA systems generate an electronic alert to notify the servicing field office to review the case for possible benefit suspension if the wage earner is also a beneficiary in current payment status. However, if the prisoner is not a beneficiary in current payment status or is recorded as deceased on payment records, SSA systems do not generate an alert and SSA takes no further action even if SSA is currently paying survivor benefits to the wage earner's family members.

We identified 21,556 allegedly deceased individuals, with dates of death since January 1998, who were reported to be in correctional facility custody at the same time SSA payment records indicated survivor benefit payments were made to the individual's family. As of June 2006, we found that 1,817 of the 21,556 cases were in current pay status and had a date of incarceration that occurred during the same month or later as the alleged date of death.¹

One example from the group of 1,817 involved a wage earner who allegedly died in April 2002, and SSA awarded survivor benefits to his children in the same month. More than 1 year later, SSA received a report from a correctional facility indicating the allegedly deceased wage earner was incarcerated. We found no indication that SSA took any action in response to this report, and the survivor benefit payments to his children continued unaffected. From August 2003 through March 2007, SSA paid

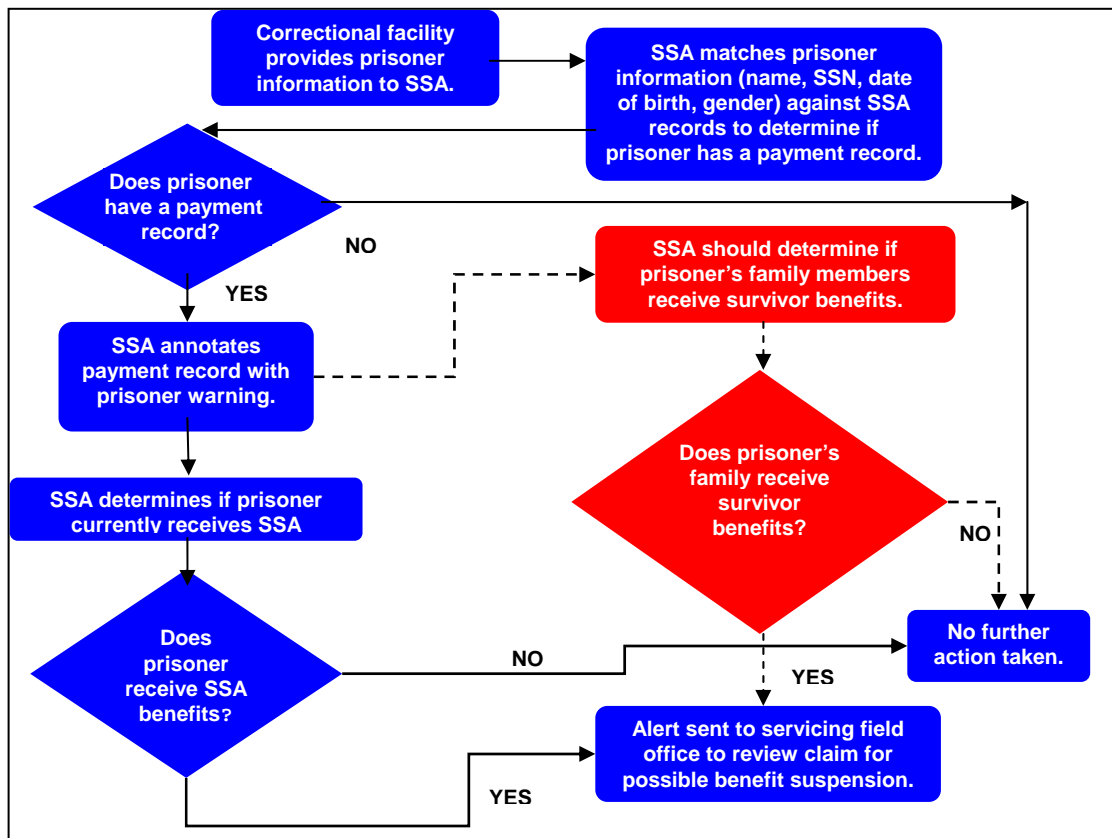
¹ The other individuals either no longer had survivors in current payment status or were confined in a month preceding the date of death in SSA records; however, PUPS did not reflect a release date and this provided the appearance the number holders were still incarcerated.

\$38,175 in survivor benefits to the wage earner's five children. Displayed below is the actual warning that appeared on the wage earner's payment record (personal information removed):

PRISONER

A RECORD IS PRESENT ON THE PRISONER UPDATE PROCESSING SYSTEM DATABASE FOR BOAN: [REDACTED], [REDACTED], BIC-A .

Although SSA matched the prisoner information to this individual's payment record, it took no further action. This occurred because SSA procedures did not direct employees to follow up on the appropriateness of the survivor benefits paid to family members; instead, it only took action when the incarcerated individual was the beneficiary. The flowchart below illustrates, in blue, the system's control to warn SSA that an incarcerated individual may be receiving SSA benefits. It further illustrates, in red, how SSA could expand its process to act on cases where survivor's benefits also exist.



**Correctional Facility
Prisoner Identification
Process**

To understand better the prisoner identification process, we contacted correctional facilities that in January or February 2006, reported the incarceration of 10 of the 1,817 NHs. Each of the 10 facilities attempted to identify prisoners by processing their fingerprints through a Federal Bureau of Investigation (FBI) database. The correctional facilities provided SSA with prisoner information (e.g. name, date of birth, SSN) obtained from the FBI fingerprint match, as well as known aliases used by the prisoner. Based on positive identification provided through the FBI fingerprint matching process, it appears that at least 4 of the 10 NHs were in correctional facility custody after the date of death that appeared on their SSA record:

Prisoner	Date of Death Per Survivor Claim	Confinement Date	Release Date	Status as of Dec 2006
1	Aug 2005	Feb 2006	Mar 2006	Transferred to a mental institution
2	Aug 2000	Feb 2006	Apr 2006	Released
3	Aug 2003	Jan 2006	Feb 2006	Transferred to U.S. Marshall Service
4	Nov 1998	Jan 2006	N/A	Incarcerated

**Attempts to Verify
Current Status**

To better ascertain the current status of the 1,817 NHs with survivor beneficiaries in current payment status, we randomly selected 100 for further review. We obtained and reviewed each of these NHs' MBR, Numident, PUPS record, and Claims Development Worksheets. We noted additional concerns with 31 of the 100 records:

- Six contained Enumeration Verification System code "V" or "L." SSA assigns these codes based on the degree of match between reported prisoner information and SSA records. SSA considers PUPS reports with code "V" or "L" to be valid matches for identity.²
- Six involved approved survivor claims, although the allegedly deceased wage earners' Numident also indicated he/she was alive.
- Eight involved survivor claims that family members did not file until 8 to 28 months after the alleged death of the primary wage earner.
- Eleven involved extenuating circumstances that included questions of paternity, lack of sufficient proof of death, or even lack of existence of a child on whose behalf a claim was filed and approved.

² SSA Program Operations Manual System (POMS) GN 02607.600A(1)(b), *Analyzing the PUPS Record/Alert for Action*.

In November 2006, SSA agreed to perform death re-verifications on each of these 31 records. As of January 22, 2007, SSA completed reviews on 16 of the 31 records by verifying, in a few cases, the death through the “holder of the record;” looking for an indication on its claims development that a death certificate had been provided; or noting if the prisoner information did not exactly match the NH information in SSA records. Based on this review, SSA concluded that each of the 16 NHs were actually deceased. SSA continues to review the remaining 15 cases.

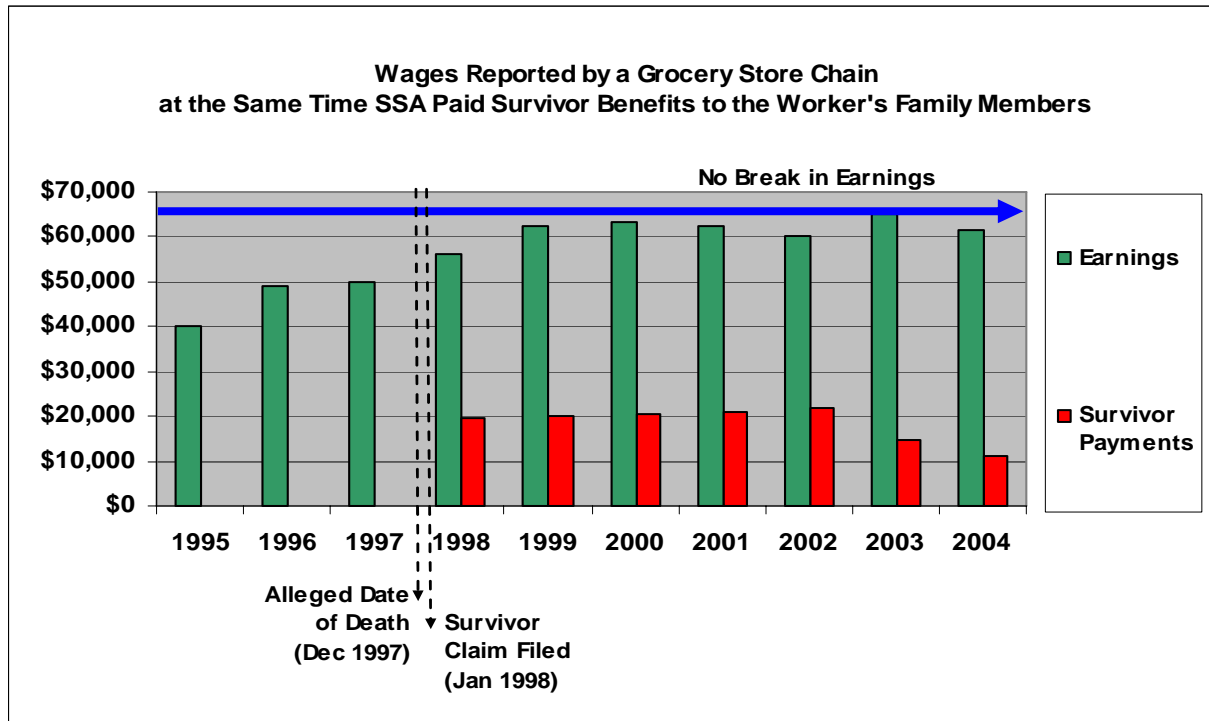
WAGE PAYMENT REPORTS RAISED QUESTIONS ABOUT DEATH ENTRY VALIDITY

Earnings Suspense File

We identified 41 individuals with survivor beneficiaries who reportedly earned \$1,000 or more in wages at least 2 Tax Years (TY) after their year of death by reviewing the ESF from one segment of the MBR. We reviewed wages paid in TYs 1999-2003. If similar results occurred on all 20 segments of the MBR, we estimate the total number of allegedly deceased individuals with post death earnings who had survivor benefits paid from their accounts would be 820. In about half the cases, the reported wages were earned in at least 2 different TYs after the year of death. We noted that SSA did not have a procedure for following up on survivor benefits to allegedly deceased wage earners who continue to have reported earnings. Instead, it merely placed the reported earnings in the ESF. The table below illustrates the number of individuals with reported earnings at least 2 TYs after the year of death.

41 Wage Earners from 1 MBR Segment with \$1,000 or More in Wages Reported at Least 2 Tax Years After Their Alleged Year of Death (Tax Years 1999-2003)	
Number of Post-Death Tax Years With Earnings Posted to the Suspense File	Number of Wage Earners
1 year	20
2 years	9
3 years	5
4 years	6
5 years	<u>1</u>
Totals	41

The chart below illustrates wage reports SSA received for 1 of the 41 wage earners, both before and after his alleged death, as well as survivor benefits paid to the wage earner's family members:

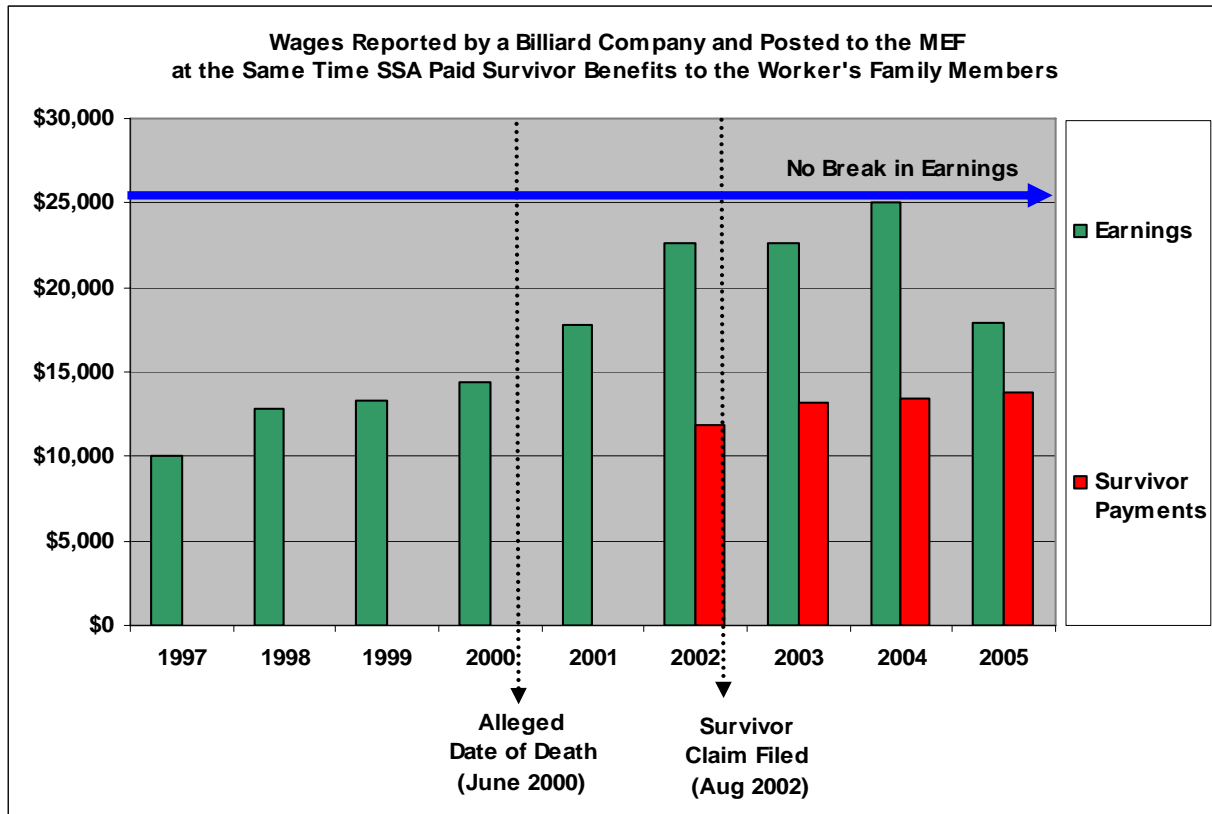


Master Earnings File

By reviewing the entire MEF for TYs 2000 through 2004, we identified 62 individuals who earned wages in at least 3 different TYs after their alleged year of death who also had survivor benefits paid from their accounts. These individuals were identified as deceased in the MBR but did not have a death entry in the Numident record. The death entry in the Numident record would have resulted in the earnings being posted to the ESF instead of the MEF (see Wage Reporting in Appendix B). A summary of post-death earnings for these 62 individuals is provided below:

62 Individuals Whose Earning Record Reflected Wages Earned in Tax Years After Death (Tax Years 2000-2004)	
Number of Post Death Tax Years With Earnings Posted on the MEF	Number of Wage Earners
3	40
4	12
5	<u>10</u>
Total	62

The chart below illustrates earnings posted to the MEF for 1 of the 62 wage earners, both before and after his alleged death, as well as survivor benefits paid to the wage earner's family members:



Because deceased individuals cannot earn wages, the wage reports should have alerted SSA to the possibility that the NHs were not actually deceased and triggered a review of the survivor benefit claims.

REPLACEMENT CARDS ISSUED AFTER DEATH RAISED QUESTIONS ABOUT DEATH ENTRY VALIDITY

SSA continues to issue replacement SSN cards to wage earners whose MBR indicates they are deceased. Effective November 2002, SSA prohibited issuance of replacement cards on the record of deceased individuals.³ Our report, *Social Security Number Cards Issued After Death*, (A-06-03-13078) issued April 2005, identified 12,502 instances from December 1987 through August 2004 when SSA issued replacement SSN cards, although a date of death appeared on the NH's Numident. In response, SSA agreed to strengthen controls to prevent future occurrences. However, from April 2005 to November 2005, SSA issued replacement cards on an additional 83 records that contained approved survivor benefit claims with beneficiaries in current payment status. The fact these cards were issued indicates SSA verified the existence

³ SSA, POMS, RM 00206.055(B)(2), *SSN Applications on Behalf of Deceased Persons*.

of the NHs after the alleged date of death. SSA personnel who issued the card should have questioned the survivor benefits paid to these NHs' family members.

CONCLUSION AND RECOMMENDATIONS

Information on the post entitlement activity that raised questions about the validity of death entries used as the basis for approved survivor benefit claims went unnoticed because SSA did not develop a process to compare PUPS, wage reporting, or replacement card issuances against payment records containing survivor benefit claims. Due to the amount of time that has passed since SSA received these reports of post-entitlement activity, the actual status of the allegedly deceased NHs is not clear. While the information received by SSA indicated the wage earners were alive, it was also possible the activity resulted from identity theft, misuse of a deceased wage earner's SSN, or administrative error. However, to ensure the validity of an estimated \$239 million in benefit payments, SSA should timely identify and review reports of activity that raises questions about approved survivor benefit claims.

We recommend SSA:

1. Establish a process to review the appropriateness of survivor's payments when reports from correctional facilities indicate allegedly deceased wage earners were incarcerated after their recorded date of death.
2. Establish a process to review survivor's payments when earnings on a wage earner's account call into question whether the wage earner is actually deceased.
3. Improve the process for issuing replacement cards to include a cross check of survivor's payments when a card is requested by an individual listed as deceased on either the MBR or Numident.
4. Review the payment records discussed in the report and take appropriate action (e.g., terminate benefits and establish overpayments, reinstate death entries, refer potentially fraudulent cases to the Office of the Inspector General).

AGENCY COMMENTS

The Agency agreed with Recommendations 1, 2, and 4; and agreed in principal with Recommendation 3. See Appendix E for the full text of the Agency's comments.

OIG RESPONSE

In response to the Agency's suggestion, we modified Recommendation 3 to include a reference to the MBR and Numident records. We appreciate the comments received from SSA and believe the actions taken or planned address our recommendations.

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 – Background

APPENDIX C – Scope and Methodology

APPENDIX D – Summary of Survivor Benefits Paid/Payable

APPENDIX E – Agency Comments

APPENDIX F – OIG Contacts and Staff Acknowledgments

Acronyms

ESF	Earnings Suspense File
FBI	Federal Bureau of Investigation
MBR	Master Beneficiary Record
MEF	Master Earnings File
NH	Number Holder
Numident	Numerical Identification Record
POMS	Program Operations Manual System
PUPS	Prisoner Update Processing System
SSA	Social Security Administration
SSN	Social Security Number
TY	Tax Year

Background

PRISONER UPDATE PROCESSING SYSTEM

In May 1983, Congress amended the Social Security Act to prohibit payment of Title II benefit payments to prisoners. Section 202(x)(1) of the Act provided for nonpayment of monthly benefits for any month during which an individual was confined to a jail, prison, or other penal institution or correctional facility pursuant to conviction of an offense constituting a felony under applicable law. Additional provisions effective April 2000 prohibited payment of Title II benefits to individuals confined for more than 30 continuous days pursuant to the conviction of a crime or confined by court order in connection with certain verdicts or findings with respect to a criminal offense.

Effective March 1997, Public Law 104-193 required the Social Security Administration (SSA) to make incentive payments to eligible correctional facilities and institutions who submit timely reports of inmate information which results in benefit suspension. To meet the requirements of the law, SSA developed Prisoner Update Processing System (PUPS). Through this system, Federal, State and local correctional and mental health facilities report prisoner information. SSA processes prisoner Social Security Numbers (SSN) through the Enumeration Verification System and against ALPHADENT files as appropriate. SSA matches “verified” SSNs against Master Beneficiary Records (MBR) and Supplemental Security Records for eligibility during the period of confinement. When this process identifies a prisoner in current payment status, an active PUPS record is established and an alert is generated.

WAGE REPORTING

Title II of the Social Security Act requires that SSA maintain records of wage amounts employers pay to individuals as well as self employment earnings.¹ Employers report individuals’ annual earnings on Form W-2, Wage and Tax Statement. Self employed individuals report earnings on individual income tax returns.

Each year, SSA receives approximately 250 million earnings reports and matches these reports against its records. Generally, when wages are reported under the name and SSN of a valid, living Number Holder (NH), SSA posts the earnings to the NH’s Master Earnings File (MEF). However, if this match identifies discrepancies and SSA is unable to post the reported earnings to the appropriate records, the earnings are posted to the Earnings Suspense File (ESF). SSA posts earnings reports to the ESF for a number of reasons including:

¹ 42 U.S.C. §405(C)(2)(A).

- Earnings records fail the name and SSN validation test.
- Earnings records consist of invalid SSNs.
- SSA records indicate that the individual is under the age of 7.
- SSA records indicate that the individual is deceased.
- An individual informs SSA that posted earnings are erroneous.

Our review focused on wage reports suspended because SSA records indicated the individual was deceased. Further, we identified all instances where SSA posted earnings to a wage earner's MEF although the same wage earner's MBR indicated he or she was deceased and the MBR contained a survivor benefit claim.

NUMIDENT

Each year, SSA issues millions of replacement SSN cards. SSA records replacement card issuances on a NH's Numident record, SSA's repository of issued SSNs. SSA recognizes that, over time, the SSN has become a primary means of identification in both the public and private sectors and that, as use of the SSN has grown, so has identity fraud. To this end, SSA has a role in combating identity fraud through the prevention and detection of SSN misuse.² Effective November 2002, SSA prohibited issuance of replacement cards on behalf of deceased individuals.³

² SSA's Fiscal Year 2004 Performance and Accountability Report, page 31.

³ SSA, Program Operations Manual System (POMS), RM 00206.055(B)(2), *SSN Applications on Behalf of Deceased Persons*.

Scope and Methodology

To accomplish our objective, we:

- Reviewed the Social Security Administration's (SSA) policies and procedures related to the Earnings Suspense File (ESF), Master Earnings File (MEF), Prisoner Update Processing System (PUPS), Numerical Identification file (Numident), and survivor benefits.
- Reviewed data in SSA systems including PUPS, ESF, MEF, Numident, Master Beneficiary Record (MBR), Summary Earnings Query (SEQY), Detail Earnings Query (DEQY), and Veterans Benefit Administration Query (VBAQ).
- Interviewed SSA headquarters staff regarding procedures used when there are indications a number holder (NH) with survivor beneficiaries has wages in the ESF, MEF, or is reported as incarcerated in PUPS.
- Reviewed relevant reports issued by the Office of the Inspector General and Government Accountability Office.
- Identified 21,556 NHs who died since January 1998, and whose MBR contained both a survivor benefit claim and a PUPS entry that showed a prisoner record existed for the NH. Review of PUPS confinement and release dates indicated 1,950 of these NHs were confined in the same month or some month after the month of death that appeared in SSA records.¹ As of June 2006, 1,817 of the 1,950 NHs had survivor beneficiaries in current payment status.
- Identified 8,788 wage reports from 1 segment of the MBR that were posted to the ESF for NHs who died since January 1997 and whose MBR contained a survivor benefit claim.
 - Based on review of the 8,788 suspended wage reports, we identified 145 NHs with suspended wages that met the following criteria:
 - ✓ the ESF contained at least two suspended wage reports citing the deceased NH's name and Social Security number (SSN),
 - ✓ the suspended wage amounts were \$1,000 or greater, and

¹ The other individuals either no longer had survivors in current payment status or were confined in a month preceding the date of death in SSA records; however, PUPS did not reflect a release date and this provided the appearance the number holders were still incarcerated.

- ✓ the suspended wages were reportedly earned 2 or more tax years after the year of death reflected in SSA records.
- For each of the 145 NHs, we obtained MBR, Numident, SEQY, DEQY, and VBAQ. Based on review of these records, it appeared 41 of these NHs were alive.
- Identified 85 NHs who died since January 1998 whose MBR contained a survivor benefit claim and whose MEF reflected wages earned in 3 or more tax years subsequent to the calendar year of the NH's death. For each of the 85 NHs, we obtained and reviewed MBR, Numident, SEQY, DEQY, and VBAQ. Based on review of these records, it appeared that 62 of these NHs were alive.
- Identified 83 NHs with survivor beneficiaries who obtained replacement SSN cards 3 or more months after the date of death reflected in SSA records. SSA issued each of these cards after April 2005.

We performed our audit between February 2006 and January 2007 at SSA's Regional Office in Dallas, Texas. We did not test the general or application controls of SSA systems that generated electronic data used for this audit. Instead, we traced selected transactions to source documents and performed other validation tests and found the data to be sufficiently reliable to meet our audit objectives. The entity audited was the Office of the Deputy Commissioner for Operations. We conducted this audit in accordance with generally accepted government auditing standards.

Summary of Survivor Benefits Paid/Payable

Survivor Benefits Paid/Payable Where Social Security Administration Records Indicated the Allegedly Deceased Wage Earner Was Alive		
Source of Information	Number of Records	Estimated Benefits
Prisoner Update Processing System Report that Indicated Wage Earner Incarcerated in Month of, or Month after Death	1,817	\$142,916,327 ¹
Wages Posted to Earnings Suspense File 2 or More Years After Death	820	\$85,133,040 ²
Earnings Posted to Master Earnings File 3 or More Tax Years After Death	62	\$6,079,701 ²
Replacement Social Security Number Cards Obtained 3 or More Months After Death	83	\$5,856,306 ²
Total:	2,782	\$239,985,374

¹ Amount based on benefits payable subsequent to December 2005 which includes (1) 12 months of survivor benefit payment to widows and disabled adult children entitled on these payment records, (2) survivor benefits payable to spouses caring for children through age 16, and (3) benefits payable to surviving children through age 18.

² Amount calculated same as footnote 1 but also includes survivor benefits paid on these records through December 2005.

Agency Comments



SOCIAL SECURITY

MEMORANDUM

Date: July 30, 2007 **Refer To:** S1J-3

To: Patrick P. O'Carroll, Jr.
Inspector General

From: Larry W. Dye /s/

Subject: Office of the Inspector General (OIG) Draft Report, "Controls over Survivor's Benefits When Indications Exist a Wage Earner is Alive" (A-06-06-16088) –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 5-4636.

Attachment:
SSA Response

COMMENTS ON THE OFFICE OF THE INSPECTOR GENERAL (OIG) DRAFT REPORT, “CONTROLS OVER SURVIVOR’S BENEFITS WHEN INDICATIONS EXIST A WAGE EARNER IS ALIVE” (A-06-06-16088)

Thank you for the opportunity to review and comment on the draft report. It has always been our responsibility to be diligent in protecting both the rights of our recipients and our resources. Currently there are interfaces with the death files of outside agencies such as the Centers for Medicare and Medicaid Services and the Department of Veterans Affairs to run against our payment records. When these reports are received, if they meet certain requirements, we will use them to either terminate benefits or to generate alerts so employees can investigate and take appropriate action.

In addition, the Social Security Administration (SSA) is partially funding the States to automate their death registration processes – the Electronic Death Registration (EDR) system. With EDR, SSA will receive death certificate data within 5 days of an individual’s death. We will take immediate action to stop benefits or generate appropriate alerts for investigation for any State death report received with a verified Social Security number (SSN).

Regarding OIG’s findings in general, we acknowledge that while the report does raise questions about SSA’s controls, not all the disputed cases have been fully investigated to support the total improper payment estimate. For example, development was completed on only 16 of the 31 correctional facility reports, the category accounting for almost 60 percent of the estimated improperly paid benefits. In these cases the number holders (NHs) were actually deceased, so the survivor benefits were correctly paid. We believe that the report should emphasize that according to our policy, SSA must have acceptable proof of death usually from the State Bureau of Vital Statistics Agency or a Statement of Death by the Funeral Director (Form SSA-721) before survivors’ benefits are awarded. It is our belief that some of the data sources listed in the report that indicate that the wage earner may be alive are generally of lesser probative value than that of a proof of death document.

As described by our actions above, we strive to ensure the appropriateness of all benefits, including survivor’s benefits. We will consider the recommendations in this report in our planning initiatives to reduce the amount and volume of these erroneous cases. However, we must also balance priorities with the realities of budgetary constraints. In the short term, we can enhance procedures that are already in place to minimize or prevent improper payments in the areas noted in the subject report. Death file batch processes currently in use by SSA will continue to be enhanced and more fully automated to ensure we continue to pay benefits to all beneficiaries, including survivors, appropriately as resources permit.

Our responses to the specific recommendations are provided below.

Recommendation 1

SSA should establish a process to review the appropriateness of survivor's payments when reports from correctional facilities indicate allegedly deceased wage earners were incarcerated after their recorded date of death.

Response

We agree. We will add additional processing instructions to the GN 02607.000 section Prisoner Suspension portion of the Program Operations Manual System (POMS) to require employees to investigate Prisoner Update Processing correctional or mental health reports that are annotated to SSA records where the wage earner is supposedly deceased and survivor entitlement has been already awarded or will be awarded, without official proof of the wage earner's death. The instructions will alert the employee that SSA has received a questionable prisoner report where survivor benefits are claimed and the prisoner report shows that the wage earner was incarcerated after the date of death. The prisoner report must be investigated and resolved. The GN02607.000 instructions will also be cross-referred to the appropriate section of the survivor award POMS, death termination POMS and vice versa.

Recommendation 2

SSA should establish a process to review survivor's payments when earnings on a wage earner's account call into question whether the wage earner is actually deceased.

Response

We agree. Currently, SSA sends correspondence to resolve all Earnings After Death reports (see RM 03870.080). Employers often report death gratuities and other special payments to wage earners, in the year following the worker's death as wages. Beginning tax year (TY) 1988, during the Annual Wage Reporting process, the Numident is checked for the reported SSN to determine if a death report has been received for that SSN. Numident death data is obtained from both SSA and Non-SSA sources and may not be accurate. SSA attempts to verify whether the W-2, Self Employment Income (SEI) report or Numident death record is erroneous and as necessary, corrects the appropriate record(s). For TY 1988 through 1990, when a date of death is found and the year of death is prior to the year of the reported earnings, the earnings were posted on the Master Earnings File (MEF). For TY 1991 and later, all earnings, wages, and SEI are posted to the Earnings Suspense File with an Earnings After Death Report (EADR) code.

Recommendation 3

SSA should improve the process for issuing replacement cards to include a crosscheck of survivor's payments when a card is requested by an individual listed as deceased.

Response

We suggest the recommendation be revised to specifically refer to the Master Beneficiary Record (MBR) and Numident records: “Improve the process for issuing replacement cards to include a cross check of survivor’s payments when a card is requested by an individual listed as deceased on either the MBR or Numident.”

We agree in part. Currently, policy requirements state that a replacement card cannot be issued to a deceased individual. The Modernized Enumeration System (MES) will produce a feedback message if the Numident contains a death indicator. The feedback message requires that the office making the original request investigate and process appropriately. In order to clear that feedback message, a management official must make the input to clear.

We will address the current policy compliance issue by issuing reminders to our field office employees on the policies and procedures currently in place regarding issuing SSN cards when the number holder is deceased. An alert (Investigate Message EM-16, Record Shows NH Deceased) is generated to interrupt the issuance of an SSN replacement card to deceased individuals when the record of death has been posted to SSA records. Instructions for resolving erroneous death information on the Numident include correcting the Numident information and making necessary corrections to any payment records.

Finally, it should be noted that there is a provision that has been approved by SSA for such issuance of a card with a 2-PIN process. The second PIN must be that of a manager. This was done for cases where there may be an emergency need for such a card. We would like additional information on the cards issuances referenced in this report to see if they met that criterion and for further investigation.

There are currently no interfaces between MES and payment records such as the MBR and/or Supplemental Security Record. An interface is technically feasible, however it would be very difficult as MES does not interact with the claims systems at this time in the manner proposed. To implement the suggestion, the Enumeration System would have to read both the Title II and Title XVI master files to identify beneficiaries who are receiving survivor's benefits based on the replacement card applicant's account. An online access process such as this could substantially decrease the response time currently provided to the field offices. The identification of such a beneficiary is not a purely electronic process and additional manual evidentiary development would be required. Ultimately implementation would be subject to Information Technology resource availability.

Recommendation 4

SSA should review the payment records discussed in the report and take appropriate action (e.g., terminate benefits and establish overpayments, reinstate death entries, refer potentially fraudulent cases to the Office of the Inspector General).

Response

We agree. We are currently in the process of reviewing the cases identified and will take any action deemed appropriate. We expect completion of all actions by the end of this fiscal year.

OIG Contacts and Staff Acknowledgments

OIG Contacts

Rona Lawson, Director, (410) 965-8071

Ron Gunia, Audit Manager, (214) 767-6620

Acknowledgments

In addition to those named above:

Wanda Renteria, Auditor-in-Charge

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Chairman and Ranking Minority Member, Subcommittee on Human Resources

Chairman and Ranking Minority Member, Committee on Budget, House of Representatives

Chairman and Ranking Minority Member, Committee on Government Reform and Oversight

Chairman and Ranking Minority Member, Committee on Governmental Affairs

Chairman and Ranking Minority Member, Committee on Appropriations, House of Representatives

Chairman and Ranking Minority, Subcommittee on Labor, Health and Human Services, Education and Related Agencies, Committee on Appropriations, House of Representatives

Chairman and Ranking Minority Member, Committee on Appropriations, U.S. Senate

Chairman and Ranking Minority Member, Subcommittee on Labor, Health and Human Services, Education and Related Agencies, Committee on Appropriations, U.S. Senate

Chairman and Ranking Minority Member, Committee on Finance

Chairman and Ranking Minority Member, Subcommittee on Social Security and Family Policy

Chairman and Ranking Minority Member, Senate Special Committee on Aging

Social Security Advisory Board

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.