



SOCIAL SECURITY
Office of the Inspector General

MEMORANDUM

Date: August 2, 2001
To: Larry G. Massanari
Acting Commissioner
of Social Security
From: Inspector General

Refer To: 31214-23-191

Subject: Unresolved Death Alerts Over 120 Days Old (A-09-00-10001)

The attached final report presents the results of our audit. Our objective was to evaluate the effectiveness of the Social Security Administration's controls and procedures for resolving death alerts over 120 days old and identifying payments to deceased beneficiaries.

Please comment within 60 days from the date of this memorandum on corrective action taken or planned on each recommendation. 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.


James G. Huse, Jr.

Attachment

**OFFICE OF
THE INSPECTOR GENERAL**

SOCIAL SECURITY ADMINISTRATION

**UNRESOLVED DEATH ALERTS
OVER 120 DAYS OLD**

August 2001

A-09-00-10001

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.

Authority

The Inspector General Act created independent audit and investigative units, called the Office of Inspector General (OIG). The mission of the OIG, as spelled out in the Act, is to:

- Conduct and supervise independent and objective audits and investigations relating to agency programs and operations.**
- Promote economy, effectiveness, and efficiency within the agency.**
- Prevent and detect fraud, waste, and abuse in agency programs and operations.**
- Review and make recommendations regarding existing and proposed legislation and regulations relating to agency programs and operations.**
- Keep the agency head and the Congress fully and currently informed of problems in agency programs and operations.**

To ensure objectivity, the IG Act empowers the IG with:

- Independence to determine what reviews to perform.**
- Access to all information necessary for the reviews.**
- Authority to publish findings and recommendations based on the reviews.**

Vision

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.

Executive Summary

OBJECTIVE

The objective of the audit was to evaluate the effectiveness of the Social Security Administration's (SSA) controls and procedures for resolving death alerts over 120 days old and identifying payments to deceased beneficiaries.

BACKGROUND

SSA administers the Old-Age, Survivors and Disability Insurance (OASDI) and Supplemental Security Income (SSI) programs under titles II and XVI of the Social Security Act. The OASDI program provides benefits to retired and disabled workers, including their dependents and survivors. The SSI program provides benefits to financially needy individuals who are aged, blind, and/or disabled. About 2.3 million people die in the United States each year, of whom 2.0 million are SSA beneficiaries. The death of a beneficiary results in the termination of Social Security benefits.

SSA receives reports of death from a variety of sources, including friends and relatives of deceased individuals, funeral homes, postal authorities, financial institutions, and Federal and State agencies. Friends, relatives, and funeral homes report about 90 percent of deaths. Postal authorities and financial institutions report another 5 percent of deaths. SSA relies on computer matches with Federal and State agencies to identify the remaining 5 percent of deaths. Upon receipt of a death report, field offices (FO) and processing centers are responsible for entering the information into SSA's automated systems.

To identify erroneous payments to deceased individuals, SSA's Death Alert, Control, and Update System (DACUS) performs computer matches with death data received from external and internal sources. The external sources include Federal agencies, such as Veterans Administration and Health Care Financing Administration, and State agencies, such as bureaus of vital statistics (BVS) and social services agencies. The internal sources include SSA's system of records, such as the Master Beneficiary Record, Supplemental Security Record, and Numident master file.

DACUS receives the death reports and compares the date of death to SSA's payment records. If the comparison indicates that payments have been made after death or there is conflicting information about the date of death, DACUS generates an alert to the FO. DACUS also generates a follow-up alert every 30 days until the initial alert has been resolved. In addition, DACUS produces a monthly report of death alerts over 120 days old, called the "120-day aged alert report," for regional offices (RO) to ensure that all death alerts are resolved. In accordance with SSA's procedures, FOs should take prompt action to resolve death alerts within 30 days to minimize incorrect payments.

RESULTS OF REVIEW

SSA's controls and procedures were not effective to ensure that the DACUS 120-day aged alert report is reviewed and resolved in a timely and consistent manner. SSA needs to implement systems modifications to: (1) improve the processing and monitoring of death alerts; and (2) reduce the potential for erroneous payments to deceased individuals.

Our review disclosed that \$782,099 of payments attributable to 206 deceased individuals could have been avoided had the death alerts been resolved within 30 days of their appearance on the DACUS 120-day aged alert report (see Appendix A). These incorrect payments consisted of OASDI benefits totaling \$657,324 and SSI payments totaling \$124,775.

Our computer match using BVS death records from the State of California for 1989 through 1998 and the DACUS 120-day aged alert report for March 1999 disclosed that 72 individuals were deceased but continued to receive payments after their deaths totaling \$959,545. This match was conducted to assess the vulnerability to error and fraud represented by unresolved death alerts over 120 days old.

During our review, we also identified 26 cases where individuals may have fraudulently negotiated Social Security benefits after the death of a beneficiary. The individuals received overpayments totaling \$429,779, including OASDI benefits of \$331,137 and SSI payments of \$98,642. We have referred these cases to our Office of Investigations. SSA subsequently terminated payments to these individuals.

CONCLUSIONS AND RECOMMENDATIONS

We believe that SSA needs to implement a more proactive system for processing and monitoring death alerts over 120 days old. Such a system should reduce the number of payments attributable to deceased individuals and the vulnerability of the Agency to individuals who fraudulently negotiate payments received after the death of a beneficiary. SSA employees informed us that they are currently in the process of improving the death reporting system. Although DACUS generates the 120-day aged alert report, this does not, in and of itself, ensure that action to resolve the alert will be taken. We recommend that SSA:

- Develop specific procedures, including time frames, for ROs to take corrective action on the DACUS 120-day aged alert report.
- Monitor the DACUS 120-day aged alert report on a nationwide basis and follow up with ROs to ensure timely processing of death alerts.

- Expedite implementation of release 3 of DACUS to simplify the clearance of death alerts, provide on-line management information, and reduce the number of error conditions resulting in unproductive alerts.
- Sort the DACUS 120-day aged alert report by payment status and source code to ensure that priority is given to death alerts for individuals in current pay status based on reports of death from State BVS records.

AGENCY COMMENTS

In its response, SSA agreed with our first two recommendations. Accordingly, SSA agreed to develop procedures for processing and monitoring death alerts over 120 days old. For the third recommendation, SSA agreed that the planned systems enhancements included in DACUS Release 3 would improve its death reporting system. However, SSA reported that it could not expedite the implementation of DACUS Release 3 due to limited resources.

For the fourth recommendation, SSA agreed that priority should be given to death alerts for individuals in current pay status based on reports of death from State BVS records. Instead of sorting the DACUS 120-day aged alert report, SSA agreed to instruct its FOs to give priority to these alerts. SSA also provided technical comments that have been incorporated into the final report. The full text of SSA's comments is included in Appendix B.

OIG RESPONSE

SSA's planned actions generally addressed our recommendations. To further reduce the potential for erroneous payments to deceased individuals, we encourage SSA to explore alternatives for expediting the implementation of DACUS Release 3 as resources permit.

Table of Contents

	Page
INTRODUCTION	1
RESULTS OF REVIEW	6
Delays in Processing Death Alerts Resulted in Avoidable Incorrect Payments	7
▪ Processing and Monitoring of Death Alerts Over 120 Days Old	8
▪ Automated Controls Over Death Alerts Should Be Improved	11
CONCLUSIONS AND RECOMMENDATIONS	14
APPENDICES	
Appendix A – Summary of 120-Day Aged Alert Report for March 1999	
Appendix B – Agency Comments	
Appendix C – OIG Contacts and Staff Acknowledgments	

Acronyms

BVS	Bureau of Vital Statistics
DACUS	Death Alert, Control, and Update System
FO	Field Office
HCFA	Health Care Financing Administration
MBR	Master Beneficiary Record
OASDI	Old-Age, Survivors and Disability Insurance
OMB	Office of Management and Budget
PC	Processing Center
POMS	Program Operations Manual System
RO	Regional Office
SSA	Social Security Administration
SSI	Supplemental Security Income
SSR	Supplemental Security Record
VA	Veterans Administration

Introduction

OBJECTIVE

The objective of the audit was to evaluate the effectiveness of the Social Security Administration's (SSA) controls and procedures for resolving death alerts over 120 days old and identifying payments to deceased beneficiaries.

BACKGROUND

SSA administers the Old-Age, Survivors and Disability Insurance (OASDI) program under title II of the Social Security Act (Act). The OASDI program provides benefits to retired and disabled workers, including their dependents and survivors. SSA also administers the Supplemental Security Income (SSI) program under title XVI of the Act. The SSI program provides benefits to financially needy individuals who are aged, blind, and/or disabled. For the Fiscal Year ending September 30, 1999, the OASDI program provided cash payments of \$382.8 billion to 44.5 million beneficiaries and the SSI program provided cash payments of \$28.1 billion to 6.6 million recipients.¹

About 2.3 million people die in the United States each year, of whom 2.0 million are SSA beneficiaries.² The death of a beneficiary results in the termination of Social Security benefits. SSA receives reports of death from a variety of sources, including friends and relatives of deceased individuals, funeral homes, postal authorities, financial institutions, and Federal and State agencies. Friends, relatives, and funeral homes report about 90 percent of deaths. Postal authorities and financial institutions report another 5 percent of deaths. SSA relies on computer matches with Federal and State agencies to identify the remaining 5 percent of deaths.

Upon receipt of a death report, field offices (FO) and processing centers (PC) are responsible for entering the information into SSA's automated systems. For all individuals, the death information is recorded on the Numident, a master file that contains personal identifying data about each individual who has been issued a Social Security number. For individuals currently receiving benefits, the death information is recorded on the Master Beneficiary Record (MBR) and Supplemental Security Record (SSR), the master files that contain payment data about each individual who has received Social Security benefits.

¹ Social Security Accountability Report for Fiscal Year 1999, page vii.

² U.S. Department of Health and Human Services, Centers for Disease Control and Prevention, National Center for Health Statistics, National Vital Statistics Report, volume 48, number 17 and Annual Statistical Supplement, 1999 to the Social Security Bulletin, table 6.F2.

Death Alert, Control, and Update System

To identify erroneous payments to deceased individuals, SSA's Death Alert, Control, and Update System (DACUS) performs computer matches with death data received from external and internal sources. The external sources include Federal agencies, such as Veterans Administration (VA) and Health Care Financing Administration (HCFA), and State agencies, such as bureaus of vital statistics (BVS) and social services agencies. The internal sources include SSA's system of records, such as the MBR, SSR, and Numident. DACUS also produces a national file of death information, called the Death Master File.

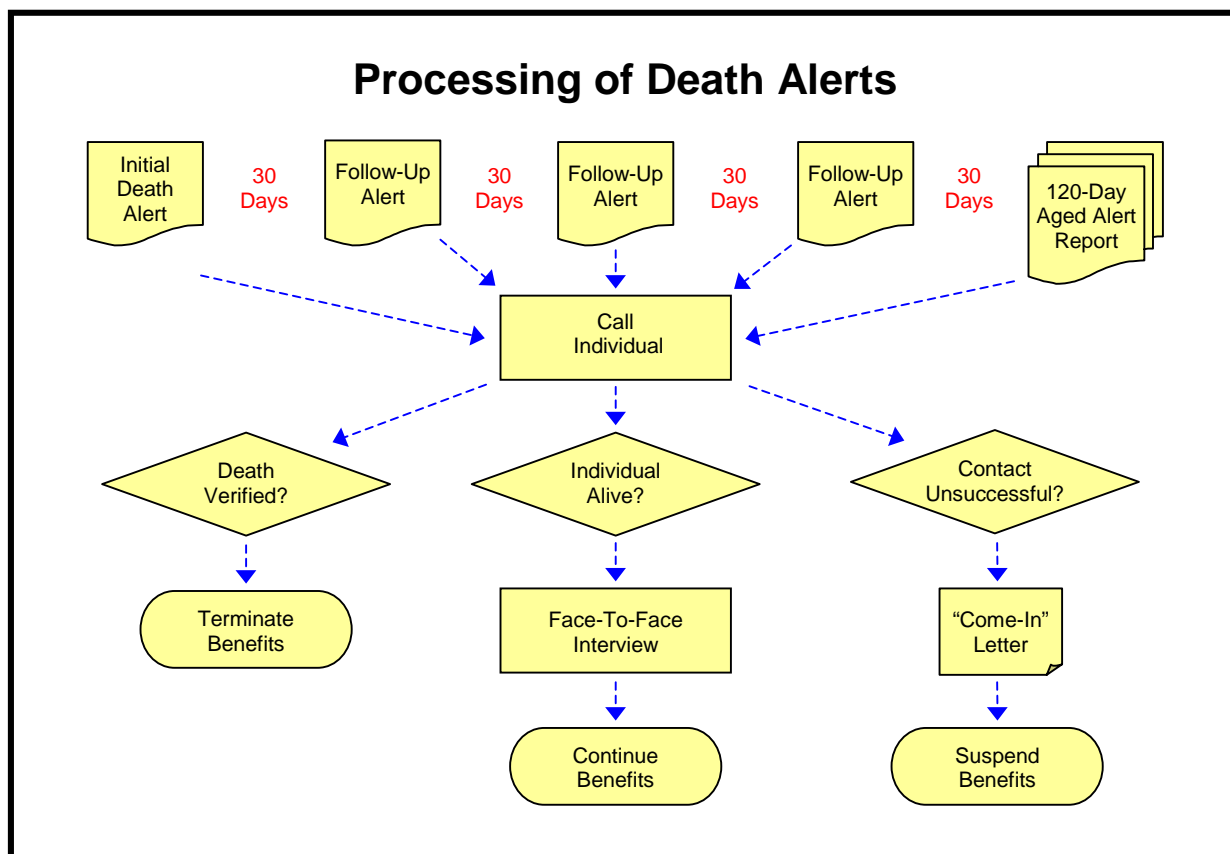
DACUS receives the death reports and compares the date of death to SSA's payment records (e.g., MBR and SSR). If there is no conflicting information, DACUS records the death on the Numident. If the comparison indicates that payments have been made after death or there is conflicting information about the date of death, DACUS generates an alert to the FO. DACUS also generates a follow-up alert every 30 days until the initial alert has been resolved. In addition, DACUS produces a monthly report of death alerts over 120 days old, called the "120-day aged alert report," for regional offices (RO) to ensure that all death alerts are resolved.

As part of its ongoing effort to modernize the automated systems, SSA has developed specific goals, including a transition plan, for improving its death reporting system. The transition plan provides for a series of five software updates to DACUS. Releases 1 and 2 have been completed. Release 3 will contain a number of systems modifications to: (1) allow a single input to reconcile discrepancies between DACUS and SSA's payment records; (2) eliminate error conditions resulting in unproductive alerts; and (3) provide on-line access to management information reports, including an audit system to monitor all transactions.

SSA's Program Operations Manual System (POMS) states that FOs should take prompt action to resolve death alerts within 30 days to minimize incorrect payments.³ For these alerts, the FO attempts to contact the subject of the death alert or appropriate contact person via telephone to verify the death information. If the death is verified, the FO terminates benefits immediately. If the individual may be alive, the FO conducts a face-to-face interview. If the telephone contact is unsuccessful, the FO mails a "come-in" letter to request a face-to-face interview. For SSI recipients,⁴ the FO mails another letter which provides advance notice of adverse action and suspends benefits after 30 days if there is no response. For OASDI beneficiaries, the PC suspends payments after 20 days if there is no response and terminates benefits after an additional 60 days. An overview of the death alert process is depicted in the following chart.

³ POMS section GN 02602.065.

⁴ Including individuals who receive concurrent benefits under the OASDI and SSI programs.

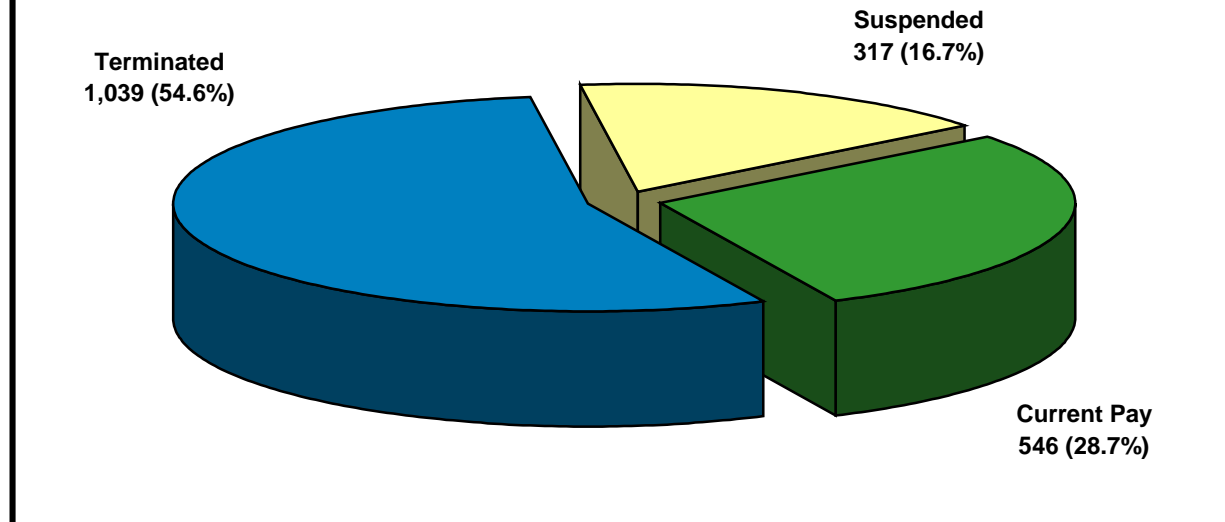


SCOPE AND METHODOLOGY

1,902 Death Alerts Were 120 Days Old as of March 1999

Based on the DACUS 120-day aged alert report for March 1999, there were 1,902 death alerts for individuals receiving OASDI benefits and/or SSI payments. These alerts had been unresolved for over 120 days after the initial alerts were issued. We determined that 546 alerts were for individuals in current pay status. The remaining 1,356 alerts were for individuals in suspended or terminated pay status. We focused our review on the individuals in current pay status because of the potential vulnerability resulting from delays in processing these alerts, which could result in additional incorrect payments to deceased individuals. The following chart summarizes the unresolved death alerts over 120 days old by payment status.

Death Alerts on 120-Day Aged Alert Report March 1999



To accomplish our objective, we:

- reviewed the applicable sections of the Act, Code of Federal Regulations, and POMS;
- conducted interviews with employees from SSA's Headquarters, including the Office of Program Benefits, Office of Systems Requirements, Office of Systems Design and Development, Office of Public Service and Operations Support, and Office of Quality Assurance and Performance Assessment;
- conducted interviews with employees responsible for processing death alerts in SSA's 10 ROs and selected FOs;
- obtained the DACUS 120-day aged alert report for March 1999, November 1999, December 1999, and October 2000;
- obtained queries from the MBR, SSR, Numident, Payment History Update System, and Modernized Development Worksheet for all individuals in current pay status on the DACUS 120-day aged alert report for March 1999;
- performed a computer match using BVS death records from the State of California for 1989 through 1998 and the DACUS 120-day aged alert report for March 1999; and

- obtained death certificates from the State of California to verify the deaths of selected beneficiaries.

As part of our review, we compared the information on the death alerts to SSA's payment records for the individuals in current pay status on the DACUS 120-day aged alert report for March 1999. For the individuals who were deceased, we determined whether SSA had resolved the death alerts in a timely manner. If not, we calculated the incorrect payments that could have been avoided had the death alerts been resolved within 30 days of their appearance on the 120-day aged alert report.

Using BVS death records from the State of California for 1989 through 1998, we also performed a computer match to identify individuals who died in California and were in current pay status on the DACUS 120-day aged alert report for March 1999. For these individuals, we determined whether SSA had subsequently resolved the death alerts. If not, we verified the death information and calculated the payments issued after the date of death. In addition, we referred any instances of suspected fraud to our Office of Investigations.

In accordance with the Federal Managers' Financial Integrity Act and related Office of Management and Budget (OMB) guidance,⁵ a Certified Public Accounting firm performed tests of SSA's internal controls over OASDI initial claims and postentitlement systems. These tests included the MBR and Numident, which were used to compile data for the DACUS 120-day aged alert report. The tests did not disclose any material weaknesses in the MBR and Numident. During our review, we relied on the tests performed by the accounting firm.

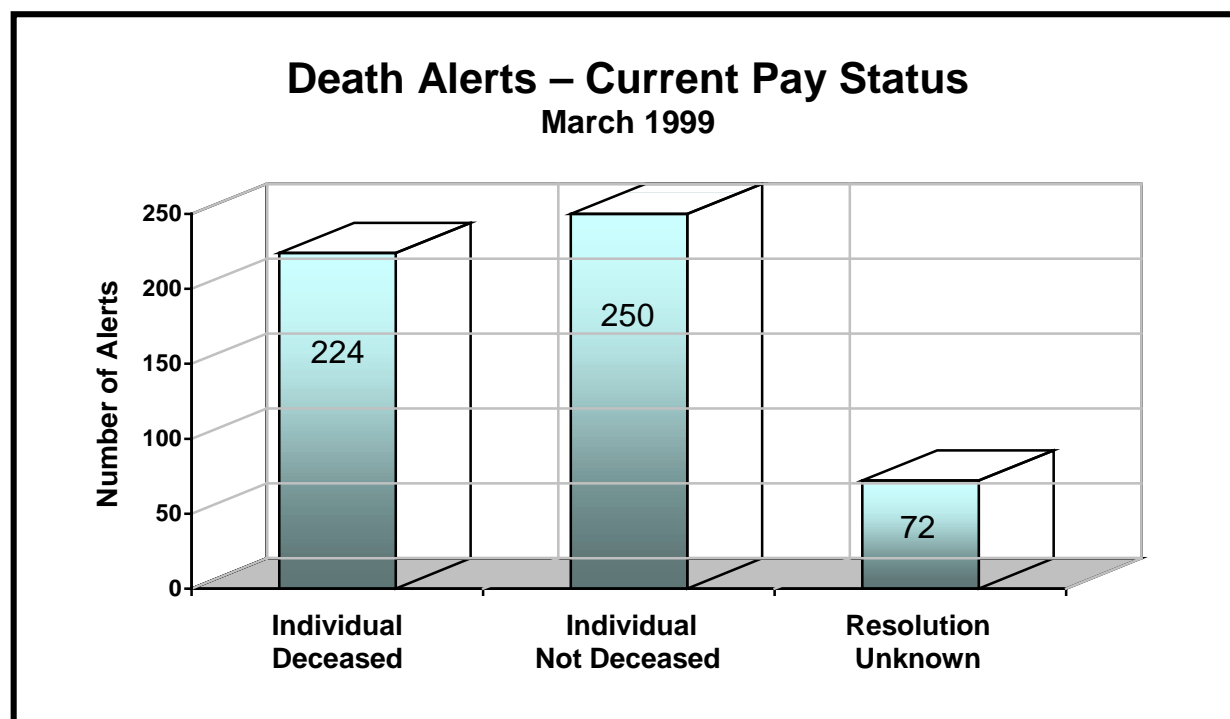
We performed audit work in Baltimore, Maryland, and Richmond, California, between November 1999 and October 2000. The entity audited was the Office of Program Benefits within the Office of the Deputy Commissioner for Disability and Income Security Programs. We conducted our audit in accordance with generally accepted government auditing standards.

⁵ OMB Circular A-123, *Internal Control Systems*; OMB Circular A-127, *Financial Management Systems*; and OMB Circular A-130, *Management of Federal Information Resources*.

Results of Review

SSA's controls and procedures were not effective to ensure that the DACUS 120-day aged alert report is reviewed and resolved in a timely and consistent manner. SSA needs to implement systems modifications to: (1) improve the processing and monitoring of death alerts; and (2) reduce the potential for erroneous payments to deceased individuals.

As of March 1999, the DACUS 120-day aged alert report contained 546 death alerts for individuals in current pay status. We found that 224 of these alerts were valid because the individuals were actually deceased. Of this amount, SSA properly resolved 18 alerts (8.0 percent) within 30 days of their appearance on the 120-day aged alert report. However, SSA did not take prompt corrective action to resolve the remaining 206 alerts (92.0 percent). We also found that 250 alerts were generated based on erroneously reported death information, or were unproductive because the individuals were previously terminated or not entitled to benefits. We were unable to determine the disposition of the remaining 72 alerts. A breakdown of the 546 death alerts for individuals in current pay status is provided below.



DELAYS IN PROCESSING DEATH ALERTS RESULTED IN AVOIDABLE INCORRECT PAYMENTS

Our review disclosed that \$782,099 of payments attributable to 206 deceased individuals could have been avoided had the death alerts been resolved within 30 days of their appearance on the DACUS 120-day aged alert report (see Appendix A). These incorrect payments consisted of OASDI benefits totaling \$657,324 and SSI payments totaling \$124,775.

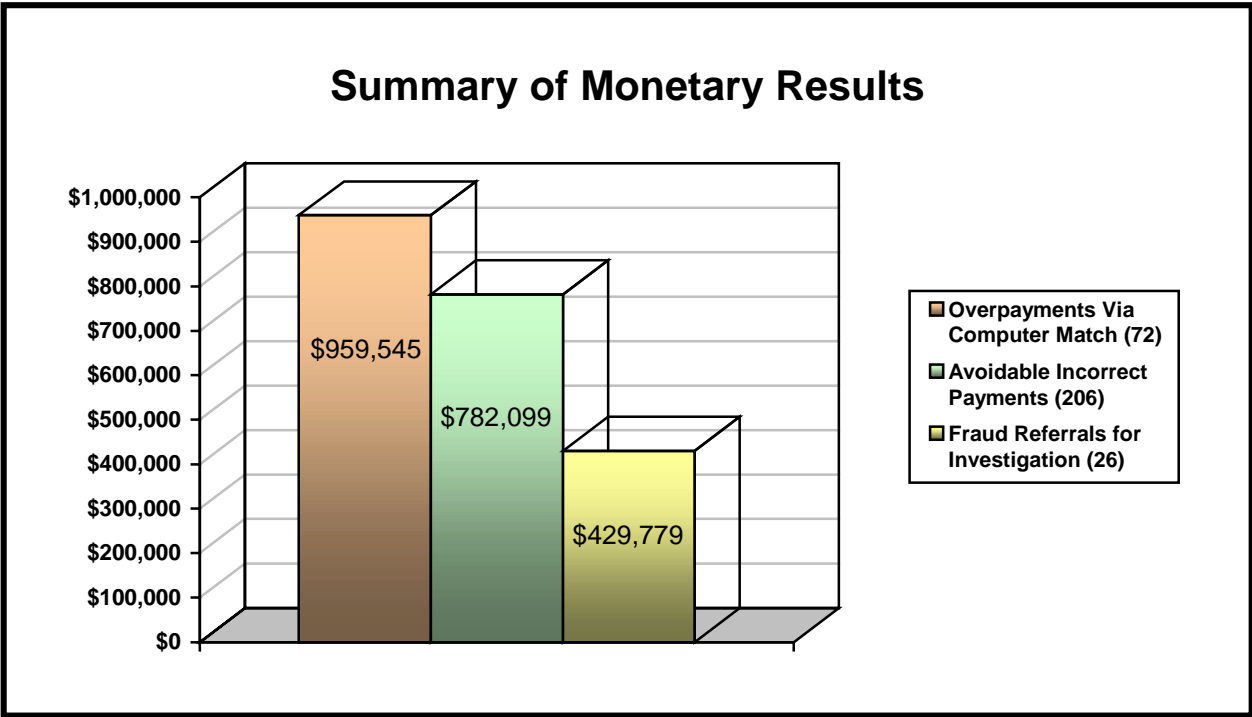
Computer Match Identified \$959,545 in Overpayments

Our computer match using BVS death records from the State of California for 1989 through 1998 and the DACUS 120-day aged alert report for March 1999 disclosed that 72 individuals were deceased but continued to receive payments after their deaths totaling \$959,545.⁶ This match was conducted to assess the vulnerability to error and fraud represented by unresolved death alerts over 120 days old.

During our review, we also identified 26 cases where individuals may have fraudulently negotiated Social Security benefits after the death of a beneficiary. The individuals received overpayments totaling \$429,779, including OASDI benefits of \$331,137 and SSI payments of \$98,642. We have referred these cases to our Office of Investigations. SSA subsequently terminated payments to these individuals. The following chart provides a summary of the monetary results questioned by our audit.⁷

⁶ The DACUS 120-day aged alert report for March 1999 contained 546 death alerts for individuals in current pay status. Of this amount, 149 individuals were in the State of California.

⁷ These amounts are not mutually exclusive and are used for illustrative purposes only.



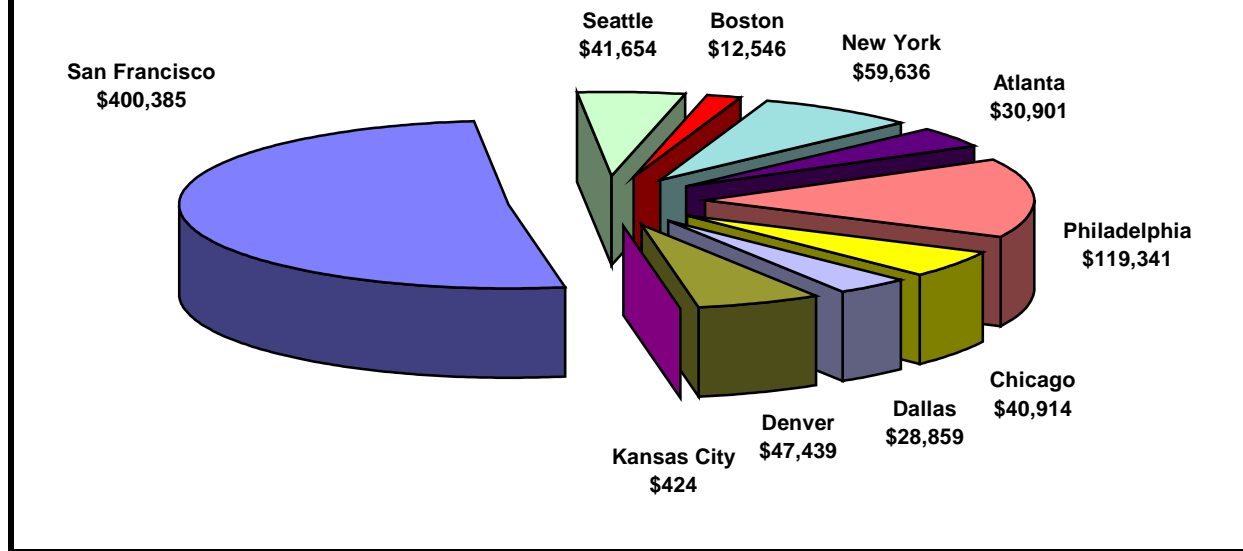
Processing and Monitoring of Death Alerts Over 120 Days Old

Our review disclosed that SSA needs to improve procedures for processing and monitoring death alerts over 120 days old. Although DACUS generates a monthly report of unresolved death alerts over 120 days old, SSA has not established formal written procedures to review and resolve the 120-day aged alert report in a timely and consistent manner. Also, SSA does not have procedures in place to monitor the 120-day aged alert report to identify national trends and patterns or regional delays and backlogs. As a result, 206 individuals received incorrect payments totaling \$782,099 that could have been avoided had the death alerts been resolved within 30 days of their appearance on the DACUS 120-day aged alert report.

Incorrect Payments of \$782,099 Could Have Been Avoided

The number of unresolved death alerts over 120 days old and the amount of avoidable incorrect payments varied considerably by region. Based on the DACUS 120-day aged alert report for March 1999, one region had \$424 in avoidable incorrect payments, attributable to one alert that was unresolved for more than 30 days after it appeared on the 120-day aged alert report. In contrast, another region had \$400,385 in avoidable incorrect payments, attributable to 99 alerts that were unresolved for more than 30 days after they appeared on the 120-day aged alert report. We also noted similar differences among specific FOs within each region. The amount of avoidable incorrect payments by region is illustrated in the following chart.

Avoidable Incorrect Payments by Region



POMS states that FOs should take prompt action to clear all death alerts (i.e., initial and follow-up alerts) within 30 days to minimize incorrect payments.⁸ POMS also states that the DACUS 120-day aged alert report is produced for ROs to ensure that all monthly alerts are resolved.⁹ However, POMS does not provide guidance on how the 120-day aged alert report should be used to resolve these alerts. Specifically, POMS does not require that the 120-day aged alert report be reviewed or resolved, nor does it provide time frames for completion of such actions.

We found that each RO had implemented its own procedures for resolving death alerts over 120 days old. As a result, some ROs developed more effective procedures than other ROs. For example, one RO sent a memorandum with the 120-day aged alert report to all area directors and district managers, which identified the number of unresolved alerts by FO and the problem alerts where special procedures were necessary. In contrast, another RO did not review, control, or follow up on the 120-day aged alert report on a routine basis.

SSA employees¹⁰ informed us that the ROs receive the DACUS 120-day aged alert report on a monthly basis but it is not always used to monitor the status of unresolved alerts. In addition, the 120-day aged alert report is not consistently used to identify trends and patterns on a national basis or delays and backlogs on a regional basis. In the past, SSA had performed nationwide analyses of death alerts to compile the number

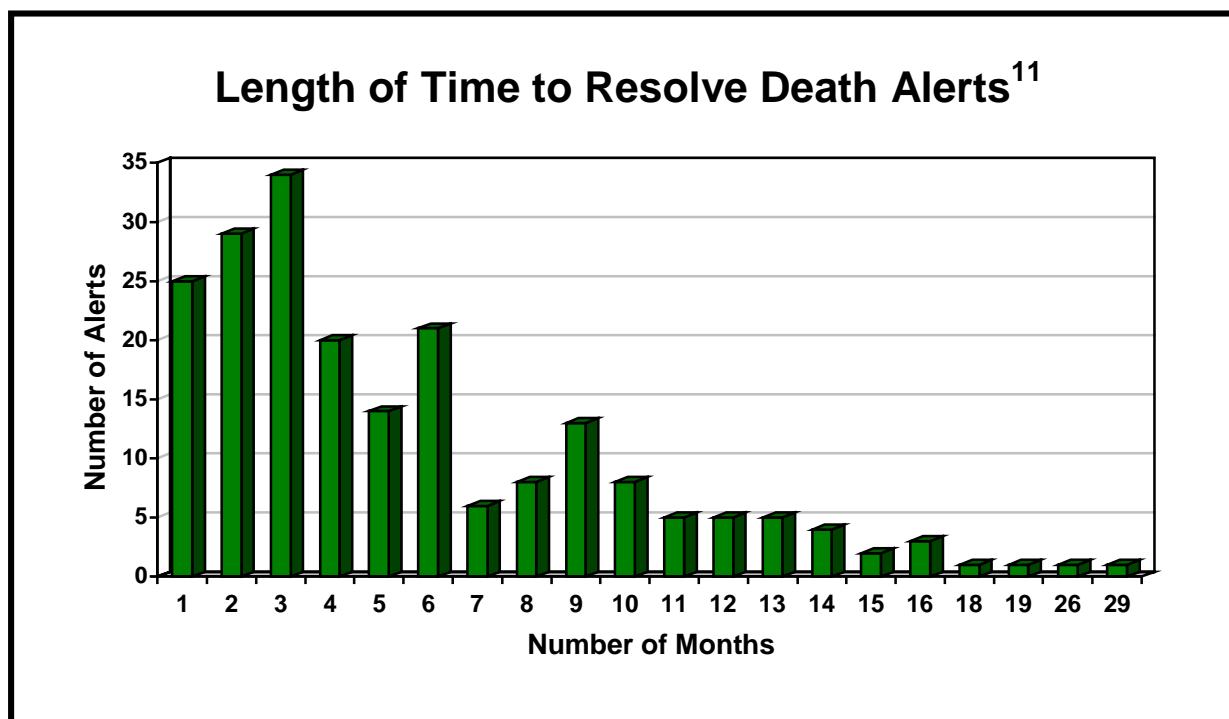
⁸ POMS section GN 02602.065.

⁹ POMS section SM 00623.001 and GN 02602.060.

¹⁰ Staff members from SSA's 10 ROs and Office of Public Service and Operations Support.

and age of unresolved alerts by region. However, this practice was discontinued. Such information may be useful to recognize best practices among ROs and identify FOs with unusual or significant problems.

For the 206 individuals with avoidable incorrect payments, the amount of time required to resolve the death alerts ranged from 1 to 29 months. These processing delays are reflected in the following chart. SSA could have avoided the incorrect payments had the death alerts been resolved within 30 days of their appearance on the DACUS 120-day aged alert report. Since these individuals remained in current pay status during this period, they continued to receive benefits to which they were not entitled until the termination actions were subsequently processed.



Oldest Death Alert Was 923 Days Old as of March 1999

Based on the DACUS 120-day aged alert report for March 1999, the oldest death alert was 923 days old. The beneficiary died on July 23, 1996. DACUS generated the initial alert on September 12, 1996. This alert first appeared on the 120-day aged alert report on January 11, 1997. It continued to appear on the 120-day aged alert report until SSA subsequently terminated benefits on July 1, 1999. As a result, the beneficiary remained in current pay status for 1,022 days and received incorrect payments totaling \$24,726. Although SSA subsequently recovered the full amount of the overpayment, \$20,061 of the incorrect payments could have been avoided had the alert been resolved within 30 days of its appearance on the 120-day aged alert report.

¹¹ For incorrect payments that could have been avoided had the death alerts been resolved within 30 days of their appearance on the DACUS 120-day aged alert report.

Another individual received incorrect payments totaling \$10,584 over an 18-month period. The beneficiary died on November 16, 1997. DACUS generated the initial alert on September 10, 1998. This alert first appeared on the 120-day aged alert report on February 7, 1999. SSA did not take corrective action to resolve the alert within 30 days of its appearance on the 120-day aged alert report. In July 1999, we performed a computer match using State BVS records and identified the beneficiary as deceased. We obtained a death certificate to verify the death and referred the case to our Office of Investigations on October 12, 1999. The beneficiary had a joint checking account with her son, who apparently continued to receive and spend his deceased mother's benefits. On August 3, 2000, a jury found the son guilty on seven counts of theft of Government property. On October 11, 2000, the son was ordered to make full restitution to SSA for \$10,584 and sentenced to 5 years of probation and 900 hours of community service.

To prevent future instances of fraud, waste, and abuse, SSA should strengthen its procedures for processing and monitoring the DACUS 120-day aged alert report. Such procedures are necessary to detect and prevent significant delays in resolving death alerts over 120 days old. Since SSA's procedures state that FOs should resolve death alerts within 30 days, we believe that ROs should also resolve the 120-day aged alert report within 30 days. Therefore, we recommend that SSA develop specific procedures, including time frames, for ROs to take corrective action on the 120-day aged alert report. In addition, SSA should monitor the 120-day aged alert report on a nationwide basis and follow up with ROs to ensure timely processing of death alerts.

Automated Controls Over Death Alerts Should Be Improved

Our review disclosed that SSA needs to improve automated controls to simplify the clearance of death alerts, provide on-line management information, and reduce the number of error conditions resulting in unproductive alerts. SSA employees¹² informed us that systems modifications are needed to facilitate the processing of death alerts. For example, clearing an alert may require two or more inputs into SSA's automated systems by the FO and another input by the PC. If the inputs are entered incorrectly, the alert is not cleared and a follow-up alert will be generated in 30 days. Furthermore, an input to the MBR will update the SSR (and visa versa) but may require several weeks to interface with DACUS. Therefore, a follow-up alert may be generated even when the correct inputs have been entered.

SSA employees¹³ also informed us that DACUS does not provide on-line access to management information reports. Moreover, DACUS does not provide immediate feedback on the results of the actions taken to clear the death alerts. As a result, FOs are unable to promptly determine whether their inputs properly resolved the alert. On-line access to management information reports is necessary to provide up-to-date information on the number of alerts received, cleared, and pending on a local, regional,

¹² Staff members from SSA's 10 ROs and selected FOs.

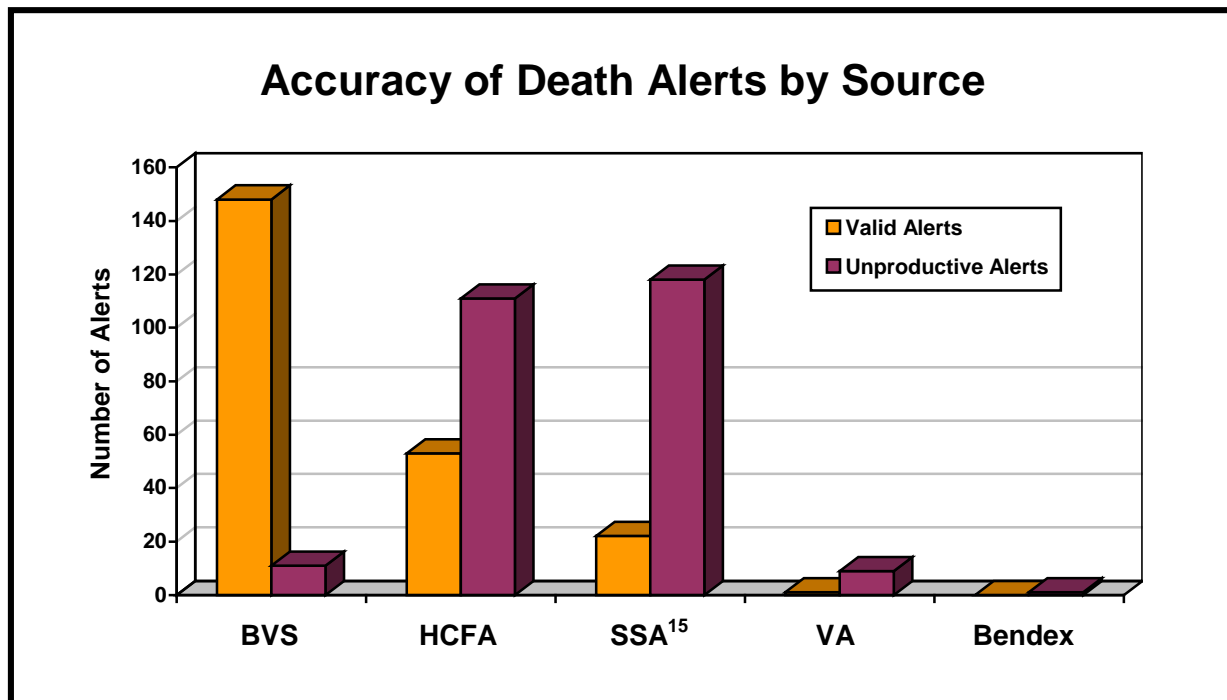
¹³ *Ibidem*.

and national level. Without such information, FOs are ill-equipped to effectively manage their workload, since the status of unresolved death alerts is not readily available.

We noted that the DACUS 120-day aged alert report for March 1999 contained more unproductive alerts than valid alerts. Of the 546 death alerts for individuals in current pay status, there were 224 valid alerts (41.0 percent) where the individuals were actually deceased and 250 alerts (45.8 percent) that were generated based on erroneously reported death information, or were unproductive because the individuals were previously terminated or not entitled to benefits. We were unable to determine the disposition of the remaining 72 alerts (13.2 percent) due to a lack of supporting documentation. The unproductive alerts consume SSA's limited resources and distract FOs from resolving the valid alerts requiring immediate corrective action.

Death Alerts From State BVS Records Were 93% Accurate

The accuracy of death alerts varied considerably based on the source of the originating report of death. For the individuals in current pay status, we determined that the reports of death from State BVS records were more reliable than the reports of death from other Federal agencies, such as HCFA and VA. As depicted in the chart below, a total of 159 alerts were based on reports of death from State BVS records, of which 148 alerts (93.1 percent) were valid. In contrast, a total of 315 alerts were based on reports of death from other sources, of which only 76 alerts (24.1 percent) were valid.¹⁴



¹⁴ We did not include the 72 alerts in which their disposition could not be determined.

¹⁵ These alerts originated from death information entered by FO employees from a variety of sources, including family members, funeral homes, and SSA's payment records.

SSA employees¹⁶ informed us that they are currently in the process of improving the death reporting system. Specifically, systems modifications are planned for release 3 of DACUS. These modifications include: (1) allowing a single input to reconcile discrepancies between DACUS and SSA's payment records, (2) eliminating error conditions resulting in unproductive alerts, and (3) providing on-line access to management information reports, including an audit system to monitor all transactions. As of March 2001, we learned that release 3 may be split into interim releases. One interim release may be issued by the end of 2001, but subsequent releases are unscheduled. These DACUS modifications are important to reduce processing times, improve payment accuracy, and deter fraud, waste, and abuse.

We believe that SSA should assign a high priority to the processing and monitoring of death alerts, with emphasis on the unresolved alerts over 120 days old. SSA should also focus its efforts on resolving valid alerts, not unproductive alerts. Therefore, we recommend that SSA expedite implementation of release 3 of DACUS to simplify the clearance of death alerts, provide on-line management information, and reduce the number of unproductive alerts. In the interim, SSA should sort the DACUS 120-day aged alert report by payment status and source code to ensure that priority is given to death alerts for individuals in current pay status based on reports of death from State BVS records, which appear to be the most reliable source of death alerts.

¹⁶ Staff members from the Office of Systems Requirements and Office of Systems Design and Development.

Conclusions and Recommendations

We found that \$782,099 of payments attributable to 206 deceased individuals could have been avoided had the death alerts been resolved within 30 days of their appearance on the DACUS 120-day aged alert report. In addition, our computer match using BVS death records from the State of California for 1989 through 1998 and the DACUS 120-day aged alert report for March 1999 disclosed that 72 individuals were deceased but continued to receive payments after their deaths totaling \$959,545. We also identified 26 cases where individuals may have fraudulently negotiated Social Security benefits totaling \$429,779 after the death of a beneficiary.

RECOMMENDATIONS

We believe that SSA needs to implement a more proactive system for processing and monitoring death alerts over 120 days old. Such a system should reduce the number of payments attributable to deceased individuals and the vulnerability of the Agency to individuals who fraudulently negotiate payments received after the death of a beneficiary. SSA employees informed us that they are currently in the process of improving the death reporting system. Although DACUS generates the 120-day aged alert report, this does not, in and of itself, ensure that action to resolve the alert will be taken. We recommend that SSA:

1. Develop specific procedures, including time frames, for ROs to take corrective action on the DACUS 120-day aged alert report.
2. Monitor the DACUS 120-day aged alert report on a nationwide basis and follow up with ROs to ensure timely processing of death alerts.
3. Expedite implementation of release 3 of DACUS to simplify the clearance of death alerts, provide on-line management information, and reduce the number of error conditions resulting in unproductive alerts.
4. Sort the DACUS 120-day aged alert report by payment status and source code to ensure that priority is given to death alerts for individuals in current pay status based on reports of death from State BVS records.

AGENCY COMMENTS

In its response, SSA agreed with our first two recommendations. Accordingly, SSA agreed to develop procedures for processing and monitoring death alerts over 120 days old. For the third recommendation, SSA agreed that the planned systems enhancements included in DACUS Release 3 would improve its death reporting system.

However, SSA reported that it could not expedite the implementation of DACUS Release 3 due to limited resources.

For the fourth recommendation, SSA agreed that priority should be given to death alerts for individuals in current pay status based on reports of death from State BVS records. Instead of sorting the DACUS 120-day aged alert report, SSA agreed to instruct its FOs to give priority to these alerts. SSA also provided technical comments that have been incorporated into the final report. The full text of SSA's comments is included in Appendix B.

OIG RESPONSE

SSA's planned actions generally addressed our recommendations. To further reduce the potential for erroneous payments to deceased individuals, we encourage SSA to explore alternatives for expediting the implementation of DACUS Release 3 as resources permit.

Appendices

Summary of 120-Day Aged Alert Report for March 1999

SSA Region	Unresolved Alerts Over 120 Days Old¹	Average Age of Unresolved Alerts (Days)	Total Alerts in Current Pay Status	Valid Alerts in Current Pay Status	Valid Alerts Not Resolved in 30 Days	Avoidable Incorrect Payments²
Boston	33	412	8	6	5	\$12,546
New York	155	457	52	16	14	\$59,636
Philadelphia	181	354	51	33	32	\$119,341
Atlanta	128	228	45	19	16	\$30,901
Chicago	215	553	78	14	11	\$40,914
Dallas	125	306	34	12	10	\$28,859
Kansas City	16	212	6	1	1	\$424
Denver	130	464	32	11	10	\$47,439
San Francisco	594	340	183	104	99	\$400,385
Seattle	142	438	49	8	8	\$41,654
Other ³	183	868	8	0	0	\$0
Total	1,902	432	546	224	206	\$782,099

¹ SSA processes death alerts daily throughout the year. Because of shifting workload priorities, the number of unresolved death alerts over 120 days old may vary significantly. For example, the total unresolved death alerts over 120 days old had decreased from 1,902 in March 1999 to 1,231 in October 2000. However, the average age of these alerts had increased from 432 days old to 543 days old. In October 2000, the region with the fewest alerts was Kansas City and the region with the most alerts was Chicago.

² Incorrect payments that could have been avoided had the death alerts been resolved within 30 days of their appearance on the 120-day aged alert report.

³ Not identified by SSA region.

Agency Comments



SOCIAL SECURITY

MEMORANDUM

Date: June 21, 2001

Refer To: SIJ-3

To: James G. Huse, Jr.
Inspector General

From: Larry G. Massanari
Acting Commissioner of Social Security

Subject: Office of the Inspector General (OIG) Draft Report, "Unresolved Death Alerts Over 120 Days Old" (A-09-00-10001)—INFORMATION

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

Please let us know if we may be of further assistance. Staff questions may be referred to Dan Sweeney on extension 51957.

Attachment:
SSA Response

**COMMENTS ON THE OFFICE OF INSPECTOR GENERAL (OIG) DRAFT REPORT,
"UNRESOLVED DEATH ALERTS OVER 120 DAYS OLD" (A-09-00-10001)**

Recommendation 1

Develop specific procedures, including time frames, for ROs to take corrective action on the DACUS 120-day aged alert report.

Comment

We concur with this recommendation. We expect to have procedures in place by the end of June 2001.

Recommendation 2

Monitor the DACUS 120-day aged alert report on a nationwide basis and follow up with ROs to ensure timely processing of death alerts.

Comment

We concur with this recommendation. The Office of Operations will monitor the reports using the Death Alert Tracking System (DATS) which provides on-line management information at all component levels.

Recommendation 3

Expedite implementation of release 3 of DACUS to simplify the clearance of death alerts, provide on-line management information, and reduce the number of erroneous alerts.

Comment

Since the work on DACUS Release 3.1 is proceeding as quickly as resources permit, we cannot agree with the recommendation. Implementation is scheduled for November 2001. One modification will eliminate unproductive alerts where the individual died after applying for benefits but prior to entitlement. Also included will be the addition of information on the abbreviated version of the pending alert control file available to the field, making it easier to identify the oldest cases and cases in current pay status.

DACUS Release 3.2 is scheduled to begin the planning and analysis phase in early 2002. This release will address the concern of improved MI. Lockheed-Martin contractors will assist in the analysis and development of recommendations to address the most critical improvements needed for DACUS.

Recommendation 4

Sort the DACUS 120-day aged alert report by payment status and source code to ensure that priority is given to death alerts for individuals in current pay status based on reports of death from State BVS records.

Comment

The DACUS 120-day aged alert is sorted to facilitate the ROs in their efforts to work with the areas and field offices to resolve the alerts, and therefore we do not agree with this recommendation. The report is sorted by area, and then by field office. Each office generally does not have more than a few alerts, making the sort order at that level of minimal importance. In addition, DATS provides data on payment status and source code at all component levels, providing the flexibility to obtain the information and manipulate it using various sorting orders. The Office of Operations will instruct field offices to give priority to the alerts for individuals in current pay status based on reports of death from the State BVS. We expect these instructions to be released by the end of June 2001.

Other Matters

As we advised at the exit conference held on May 7, 2001, we remain concerned with OIG's use of the term 'erroneous' alerts in the report narrative. Although footnoted to explain the alerts are not erroneous, a footnote is easily overlooked and readers could be led to believe that DACUS is not operating as intended. We recommend that OIG change the wording to more accurately reflect the process. For example, on page 6, 2nd paragraph, OIG states, "We also found that 250 alerts were erroneous because the individuals were still alive, previously terminated....." We believe a more accurate description can be utilized and suggest revising the entry to reflect, "We also found 250 alerts that were generated based on erroneously reported death information, or the alerts were unproductive as the individual was previously terminated or not entitled to benefits."

COMMENTS ON THE OFFICE OF INSPECTOR GENERAL (OIG) DRAFT REPORT,
"UNRESOLVED DEATH ALERTS OVER 120 DAYS OLD" (A-09-00-10001)

Recommendation 1

Develop specific procedures, including time frames, for ROs to take corrective action on the DACUS 120-day aged alert report.

Comment

We concur with this recommendation. We expect to have procedures in place by the end of June 2001.

Recommendation 2

Monitor the DACUS 120-day aged alert report on a nationwide basis and follow up with ROs to ensure timely processing of death alerts.

Comment

We concur with this recommendation. The Office of Operations will monitor the reports using the Death Alert Tracking System (DATS) which provides on-line management information at all component levels.

Recommendation 3

Expedite implementation of release 3 of DACUS to simplify the clearance of death alerts, provide on-line management information, and reduce the number of erroneous alerts.

Comment

Since the work on DACUS Release 3.1 is proceeding as quickly as resources permit, we cannot agree with the recommendation. Implementation is scheduled for November 2001. One modification will eliminate unproductive alerts where the individual died after applying for benefits but prior to entitlement. Also included will be the addition of information on the abbreviated version of the pending alert control file available to the field, making it easier to identify the oldest cases and cases in current pay status.

DACUS Release 3.2 is scheduled to begin the planning and analysis phase in early 2002. This release will address the concern of improved MI. Lockheed-Martin contractors will assist in the analysis and development of recommendations to address the most critical improvements needed for DACUS.

Recommendation 4

Sort the DACUS 120-day aged alert report by payment status and source code to ensure that priority is given to death alerts for individuals in current pay status based on reports of death from State BVS records.

Comment

The DACUS 120-day aged alert is sorted to facilitate the ROs in their efforts to work with the areas and field offices to resolve the alerts, and therefore we do not agree with this recommendation. The report is sorted by area, and then by field office. Each office generally does not have more than a few alerts, making the sort order at that level of minimal importance. In addition, DATS provides data on payment status and source code at all component levels, providing the flexibility to obtain the information and manipulate it using various sorting orders. The Office of Operations will instruct field offices to give priority to the alerts for individuals in current pay status based on reports of death from the State BVS. We expect these instructions to be released by the end of June 2001.

Other Matters

As we advised at the exit conference held on May 7, 2001, we remain concerned with OIG's use of the term 'erroneous' alerts in the report narrative. Although footnoted to explain the alerts are not erroneous, a footnote is easily overlooked and readers could be led to believe that DACUS is not operating as intended. We recommend that OIG change the wording to more accurately reflect the process. For example, on page 6, 2nd paragraph, OIG states, "We also found that 250 alerts were erroneous because the individuals were still alive, previously terminated....." We believe a more accurate description can be utilized and suggest revising the entry to reflect, "We also found 250 alerts that were generated based on erroneously reported death information, or the alerts were unproductive as the individual was previously terminated or not entitled to benefits."

OIG Contacts and Staff Acknowledgments

OIG Contacts

Bill Fernandez, Director, Program Benefits Audit Division, (510) 970-1739

Jack H. Trudel, Deputy Director, (510) 970-1733

Acknowledgments

In addition to those named above:

Joseph I. Robleto, Senior Auditor

Pat A. Long, Program Analyst

Timothy E. Meinholz, Auditor

Cheryl Robinson, Writer-Editor, Policy, Planning and Technical Services

For additional copies of this report, please contact Office of the Inspector General's Public Affairs Specialist at (410) 966-5998. Refer to Common Identification Number A-09-00-10001.

DISTRIBUTION SCHEDULE

	<u>No. of Copies</u>
Commissioner of Social Security	1
Management Analysis and Audit Program Support Staff, OFAM	10
Inspector General	1
Assistant Inspector General for Investigations	1
Assistant Inspector General for Executive Operations	3
Assistant Inspector General for Audit	1
Deputy Assistant Inspector General for Audit	1
Director, Systems Audit Division	1
Director, Financial Management and Performance Monitoring Audit Division	1
Director, Operational Audit Division	1
Director, Disability Program Audit Division	1
Director, Program Benefits Audit Division	1
Director, General Management Audit Division	1
Issue Area Team Leaders	25
Income Maintenance Branch, Office of Management and Budget	1
Chairman, Committee on Ways and Means	1
Ranking Minority Member, Committee on Ways and Means	1
Chief of Staff, Committee on Ways and Means	1
Chairman, Subcommittee on Social Security	2
Ranking Minority Member, Subcommittee on Social Security	1
Majority Staff Director, Subcommittee on Social Security	2
Minority Staff Director, Subcommittee on Social Security	2
Chairman, Subcommittee on Human Resources	1
Ranking Minority Member, Subcommittee on Human Resources	1
Chairman, Committee on Budget, House of Representatives	1
Ranking Minority Member, Committee on Budget, House of Representatives	1
Chairman, Committee on Government Reform and Oversight	1
Ranking Minority Member, Committee on Government Reform and Oversight	1
Chairman, Committee on Governmental Affairs	1

Ranking Minority Member, Committee on Governmental Affairs	1
Chairman, Committee on Appropriations, House of Representatives	1
Ranking Minority Member, Committee on Appropriations, House of Representatives	1
Chairman, Subcommittee on Labor, Health and Human Services, Education and Related Agencies, Committee on Appropriations, House of Representatives	1
Ranking Minority Member, Subcommittee on Labor, Health and Human Services, Education and Related Agencies, Committee on Appropriations, House of Representatives	1
Chairman, Committee on Appropriations, U.S. Senate	1
Ranking Minority Member, Committee on Appropriations, U.S. Senate	1
Chairman, Subcommittee on Labor, Health and Human Services, Education and Related Agencies, Committee on Appropriations, U.S. Senate	1
Ranking Minority Member, Subcommittee on Labor, Health and Human Services, Education and Related Agencies, Committee on Appropriations, U.S. Senate	1
Chairman, Committee on Finance	1
Ranking Minority Member, Committee on Finance	1
Chairman, Subcommittee on Social Security and Family Policy	1
Ranking Minority Member, Subcommittee on Social Security and Family Policy	1
Chairman, Senate Special Committee on Aging	1
Ranking Minority Member, Senate Special Committee on Aging	1
Vice Chairman, Subcommittee on Government Management Information and Technology	1
President, National Council of Social Security Management Associations, Incorporated	1
Treasurer, National Council of Social Security Management Associations, Incorporated	1
Social Security Advisory Board	1
AFGE General Committee	9
President, Federal Managers Association	1
Regional Public Affairs Officer	1
Total	97

Overview of the Office of the Inspector General

Office of Audit

The Office of Audit (OA) conducts comprehensive financial and performance audits of the Social Security Administration's (SSA) programs and makes recommendations to ensure that program objectives are achieved effectively and efficiently. Financial audits, required by the Chief Financial Officers Act of 1990, assess whether SSA's financial statements fairly present the Agency's financial position, results of operations, and cash flow. Performance audits review the economy, efficiency, and effectiveness of SSA's programs. OA also conducts short-term management and program evaluations focused on issues of concern to SSA, Congress, and the general public. Evaluations often focus on identifying and recommending ways to prevent and minimize program fraud and inefficiency.

Office of Executive Operations

OEO supports the OIG by providing information resource management; systems security; and the coordination of budget, procurement, telecommunications, facilities and equipment, and human resources. In addition, this office is the focal point for the OIG's strategic planning function and the development and implementation of performance measures required by the *Government Performance and Results Act*. OEO is also responsible for performing internal reviews to ensure that OIG offices nationwide hold themselves to the same rigorous standards that we expect from SSA, as well as conducting investigations of OIG employees, when necessary. Finally, OEO administers OIG's public affairs, media, and interagency activities, coordinates responses to Congressional requests for information, and also communicates OIG's planned and current activities and their results to the Commissioner and Congress.

Office of Investigations

The Office of Investigations (OI) conducts and coordinates investigative activity related to fraud, waste, abuse, and mismanagement of SSA programs and operations. This includes wrongdoing by applicants, beneficiaries, contractors, physicians, interpreters, representative payees, third parties, and by SSA employees in the performance of their duties. OI also conducts joint investigations with other Federal, State, and local law enforcement agencies.

Counsel to the Inspector General

The Counsel to the Inspector General provides legal advice and counsel to the Inspector General on various matters, including: 1) statutes, regulations, legislation, and policy directives governing the administration of SSA's programs; 2) investigative procedures and techniques; and 3) legal implications and conclusions to be drawn from audit and investigative material produced by the OIG. The Counsel's office also administers the civil monetary penalty program.